

STORY OF

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Note: Statistical data used in the text and tables of this volume are on a fiscal year basis, unless otherwise noted. For example, data headed "1988" pertain to the fiscal year ended September 30, 1988.

Graphs, charts and text figures have been rounded and may not compute precisely compared to the statistical tables, which are based on unrounded figures.

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INTERNAL REVENUE SERVICE ANNUAL REPORT 1988

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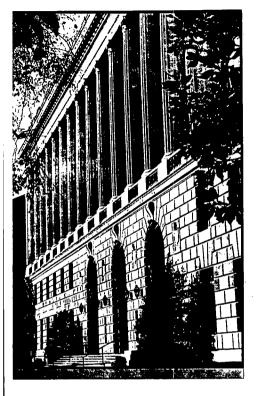
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measured success not just by considering its own standards but by weighing the standards of customers, taxpayers and their representatives.



1988 was a year of unprecedented challenge for the Internal Revenue Service. The year opened with a tax filing season driven by major tax reform 1986 changes. a filing season that tested us and made us proud. At year's end, the agency adjusted to a new law that spelled out technical corrections to tax reform. The months in-between were marked by special events and projects designed to move people on different sides of the tax system beyond coexistence to cooperation.

This extraordinary year in United States tax history demanded and, we believe, received an exceptional response from the Internal Revenue Service. Not content with reacting to change and challenge, the Internal Revenue Service assumed responsibility for helping shape the future course of tax administration.

In asking American taxpayers to judge the adequacy of the past year's communications with external customers, we would mention the following:

An historic first was a two-day conference for international tax practitioners that described how the agency is coping with the tremendous tax consequences associated with the global economy.

An IRS research conference entitled "Change and Complexity as Barriers to Taxpayer Compliance" drew academicians, representatives of practitioner organizations, accountants, attorneys, and tax authorities from federal, state and foreign governments. Subjects covered by research papers included: the compliance costs of complexity, the effect of ambiguity on taxpayer decisionmaking and risktaking, and how IRS can do a better job of drafting tax forms and instructions.

Admitting that the tax system has too many and too complex tax penalties that confuse taxpayers and are difficult to administer consistently, in 1987 the agency embarked on a comprehensive penalty study. It did so without outside prompting or direction. By the end of 1988, the study group issued a paper on the philosophy of penalties and was nearing the completion of its final report, having earned high marks along the way.

An IRS task force used the results of the first comprehensive practitioner survey as a catalyst to improve communications with the practitioner community. Approved recommendations will provide one-stop service with special practitioner hotlines to resolve account-related problems, give practitioners more defined access to the IRS organization, and increase IRS involvement with practitioner newsletters and professional education.

Besides enforcing current law, throughout much of 1988 the agency brainstormed across the country with its own employees, taxpayers and their representatives and business people about compliance strategies for the future. What are the compliance goals for the next five to 10 years? In going forward, how can we build up the strengths and minimize the weak points of the IRS organization? What are some creative suggestions for administering the tax system differently?

In designing information systems that will be state of the art one decade from now, we are going forward—not independently, but in consultation with others. A conference in 1988 to educate outside professionals about current progress in information system development and enlist their advice undoubtedly will be the first of many.

In terms of commitment to employees, 1988 was a year of self-analysis. Predictions about major workforce differences within the next decade led to an intensive study of hiring and promotion opportunities for women and other minorities, a study that we believe will tap important resources for hiring and ensure for all employees the opportunity to compete for advancement.

The other focus of the agency's self-analysis—a continued emphasis on ethics and integrity issues—may be somewhat more intangible but is very significant nonetheless. We want to guarantee that the same strong ethical underpinnings that helped shape the agency's reputation in the past will be there for the future.

Our attorneys are an integral part of our business *every* year but in a follow-up year to major tax reform legislation, their contribution has been invaluable. Considering the gargantuan task of producing tax reform guidance and accommodating the interests of taxpayers. Capitol Hill, and the Treasury Department, we believe our attorneys acquitted themselves admirably.

On a positive note for the future, reorganizing the technical functions of the counsel side of our operation in 1988 was an example of perfect timing. It built on the fine results of an earlier decision to make our attorneys more accessible to the rest of the organization. The technical reorganization should contribute greatly to making more

informed decisions, producing better tax guidance, and creating a more effective enforcement presence.

Challenges Ahead

To a large extent, the challenges ahead for the Internal Revenue Service are no different from the challenges facing every other government agency. Sometimes there are competing considerations:

- Tightening the belt to stay within shrinking budgets but trying to increase public awareness about the need to close the pay and benefits gap with the private sector.
- Positioning the agency at the cutting edge of information systems development so that taxpaying customers get the high-quality service they deserve and our agency makes better use of all the information it collects.
- Continuing to try to improve the process of delivering tax guidance despite the number of built-in problems associated with it. but taking a lead role in the public dialogue about the downside risk to the voluntary compliance system posed by too much complexity and change.
- Making a clear distinction between taxpayers who are trying to comply but do not understand how, and deliberate non-compliers; balancing the agency's responsibility to assist the former and to identify and bring the latter to task.

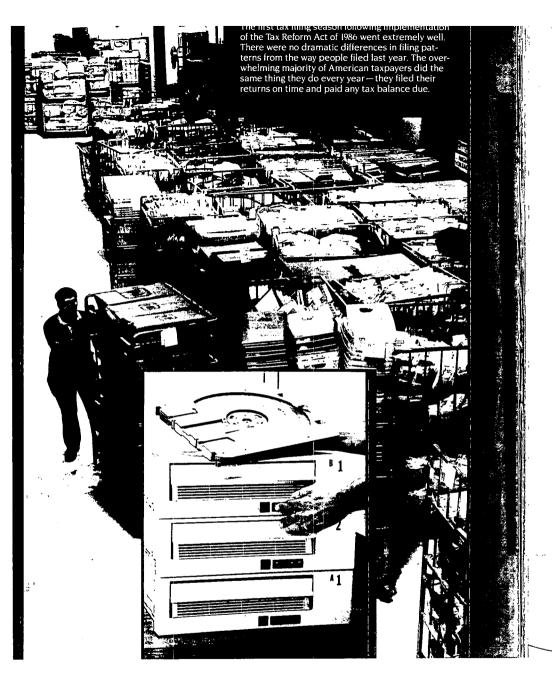
Throughout all of 1988, the Internal Revenue Service measured success not just by considering its own standards but by weighing the standards of customers, taxpayers and their representatives. This broadening of perspective resulted in a healthier respect for taxpayer rights.

In fact, taxpayer rights provisions were written into the final language of the technical corrections law. While our promotion of taxpayer rights preceded any legal requirement to do so, the legislative reminder was an excellent note on which to end one tax year and begin another.

Laurence B. Dille

Lawrence B. Gibbs Commissioner William F. Nelson, Chief Counsel

William Talon



Returns Received

IRS processing of tax returns during the first filing season under the changes brought about by the Tax Reform Act of 1986 was right on target. There was a shift toward using the simpler returns this year with more taxpayers filing Form 1040EZ. The requests for automatic extensions were just about what had been projected—just over a million more than last year. At the first of the season, the number of taxpayers using paid preparers was very close to last year, but toward the end of the season this increased. Almost 2.2 million more taxpayers sought help this year in completing their tax returns. Not surprisingly, the percentage of Form 1040 returns with itemized deductions is down and although more taxpayers received refunds, the average refund is lower this year.

Number of Returns Filed by Principal Type of Return (Figures in thousands. For details see statistical table 6.)

Type of return	1987	1988
Grand total	193,156	194,305
Income tax, total	150.309	152,121
Individual	103.460	106,994
Individual estimated tax	38.804	35,489
Fiduciary	2.336	2,783
Fiduciary estimated tax	_	1.055
Partnership	1.836	1,814
Corporation	3,873	3,986
Estate tax	61	52
Gift tax	105	103
Employment taxes	28.233	28,236
Exempt organizations	523	490
Employee plans	2,114	1,819
Alcohol, tobacco and firearms'	492	_
Excise taxes	1,011	957
Supplemental documents ²	10,301	10,523
Non-master file returns ³	8	- 4

¹ Beginning July 1, 1987, the Bureau of Alcohol, Tobacco and Firearms assumed responsibilty for the filing of these returns. They are no longer included in IRS data.

IRS processed more than 194 million tax returns in 1988, including 583,000 electronically-filed returns.

IRS service centers processed 194 million federal tax returns and supplemental documents in 1988—a 0.6 percent increase over the 193 million processed in 1987.

Over 88 million or 45.5 percent of all returns received were individual income tax returns. Forms 1040 and 1040A for the full fiscal year. More than 18 million individual taxpayers—17.1 percent of all individual filers—used the simplified Form 1040EZ, compared with about 16 million in 1987, an increase of 9 percent. The number of individual taxpayers filing Form 1040 increased 3.2 percent from 68.6 million to 70.8 million this year. (See Statistical Table 6 for details.)

Tax Receipts

Gross revenue receipts, up 5.5 percent over 1987, rose to \$935.1 billion this year, an increase of \$48.8 billion. Individual and corporation income tax collections accounted for almost two-thirds of the total receipts. Individual tax receipts totaled \$473.7 billion, an increase of 1.8 percent over last year. Corporation tax receipts rose 6.6 percent to \$109.7 billion.

Employment taxes (social security, self-employment, federal unemployment, and railroad retirement), which were 34 percent of the total revenue, hit \$318 billion, another record high.

Excise taxes totaled \$25.9 billion, a decrease of 22.1 percent compared with last year. This year's receipts do not contain alcohol and tobacco taxes which are now collected and reported by the Bureau of Alcohol. Tobacco and Firearms. (See Statistical Tables 1 and 3 for details.)

Refunds

IRS issued 83 million refunds totaling \$94.5 billion this year, compared with 80.8 million refunds amounting to \$97 billion in the previous year. About 79.7 million individual income taxpayers received \$73.8 billion in refunds. including \$412 million in interest. (Note: Individual income refund figures in Statistical Tables 4 and 5 include fiduciary and partnership returns. See footnotes in these tables.)

By law, IRS must issue any refund due on individual income tax returns within 45 days of the date the return is required to be filed or the government must pay interest on the refund amount.

By the end of the fiscal year, IRS had paid interest on refunds for 2 million current-year individual income tax returns timely filed but not refunded during the statutory interest-free period, compared with 1.6 million last year.

Individual refunds this year averaged S921, compared with an average of S943 in 1987. The processing of refund claims for Windfall Profit Tax resulted in refunds amounting to S333 million, of which S132 million represented interest. (For details, see Statistical Tables 4 and 5.)

³ includes Forms 1040X, 1120X, 2688, 4868, 7004 and 1041A. ³ Includes Forms 941M, 941NMI, CT~2, 990BL, 6069, 1042, 1120 DISC. 1120 IC DISC. 1120 FSC and 8404.

Electronic Filing

Electronic filing of individual income tax returns with refunds became an operational program for the 1987 processing year. During that first year, about 77,000 returns were filed electronically by 66 return preparers in 7 metropolitan cities. In 1988, IRS expanded the program to 16 district offices with 2,500 preparers, software firms, and communication firms transmitting 583,000 returns. The Ogden and Cincinnati Service Centers processed these electronic returns. IRS will further expand electronic filing in 1989 to include 48 district offices. Implementation of the electronic filing program nationwide will be completed when the remaining 15 districts are added in 1990.

Savings for the IRS through electronic filing include reduced labor costs, a marked reduction in telephone calls from taxpayers, and a decrease in the volume of notices mailed to taxpayers. Error rates are approximately 5 1/2 percent with electronic filing, compared with 21 percent for manual returns.

Electronic/magnetic media filing of Forms 1065, 1041, and 1120S will be available for the 1989 processing year at the Andover Service Center. There is no geographic restriction on location of filers for these business returns.

Penalties and Interest

The law requires that IRS charge penalties for failure to file returns, late payments, payments with bad checks, negligence, false withholding statements, fraud, and other vio-

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lations. Penalties may be reduced or canceled when appropriate. IRS imposed 23 million net penalties totaling \$6 billion. Of these penalties. IRS imposed 13.2 million on individuals for a total of \$3.3 billion and 9.9 million on business returns, totaling \$2.7 billion. (See Statistical Table 14 for details).

The law also requires that IRS charge interest on late payments. Generally, the IRS may not reduce interest due on taxes owed, but in cases where interest is not justified, it may be reduced or canceled as appropriate. Interest charges totaled \$3.9 billion on individual returns with reductions of \$498 million. Interest charged to business returns totaled \$7.7 billion, reduced by \$2.9 billion.

Presidential Election Campaign Fund

Citizens and resident aliens who owe at least one dollar in federal income tax may designate one dollar of the tax to

Net Internal Revenue Collections (in thousands of dollars.)

			Net Collec	tions
•	Gross Collections	Refunds ¹	Amount	Percent of total
Grand total	935.106.594	92,760,500	842,346.094	100.0
Corporation income taxes	109,682,554	15,536,227	94,146,327	11.2
Individual income taxes	473,666,566	75,134,8132	398,531,753	47.3
Employment taxes, total	318.038.990	996.914	317,042,075	37.6
Old-age, survivor's, disability and hospital insurance	307.594.215	707,750	306,886,465	36.4
Railroad retirement	4,266,775	30.318	4,236,457	0.5
Unemployment insurance	6,178.000	258,846	5,919,154	0.7
Estate and gift taxes	7,784,445	190.189	7,594,256	0.9
Excise taxes	25,934,040	902,357	25,031,683	3.0

Does not include interest paid on refunds. In the narrative, the total refund figure of \$94.5 billion includes \$1.7 billion of interest.

Gross Internal Revenue Collections (In thousands of dollars, For details see statistical table 1.)

				increase or	decrease
Source	Percent of 1988 collections	3 1987	1988	Amount	Percent
Grand total	100.0%	886,290,590	935,106,594	48,816,004	5.5%
Income taxes, total	62.4%	568,311,471	583,349,120	15.037.649	2.6%
Corporation	11.7%	102,858,985	109,682,554	6,823,569	6.6%
Regular	11.7%	102,614,712	109,393,550	6,778,838	6.6%
Exempt organizations business income tax	•	244,272	289.004	44.731	18.3%
Individual, total	50.7%	465,452,4861	473,666,5662	8,214,080	1.8%
Withheld by employers ³	36.5%	322,495,3301	341,467,6822	18.972.352	5.9%
Other ³	14.1%	142,957,156	132,198,884	(10.758.272)	-7.5%
Employment taxes, total	34.0%	277,000.469	318.038.990	41,038,591	14.8%
Old-age, survivor's, disability and hospital insurance, total	32.9%	266,616,935	307,594,215	40,977.280	15,4%
Federal insurance contributions	- 31.0%	252,629,343	289,903.877	37,274,534	14.8%
Self-employment insurance contributions	1.9%	13,987,592	17.690.338	3,702,746	26.5%
Unemployment insurance	0.7%	6,232,000	6,178,000	(54,000)	-0.9%
Railroad retirement	0.5%	4,151,534	4,266.775	115,241	2.8%
Estate and gift taxes, total	0.8%	7,667,670	7,784,445	116,774	1.5%
Estate	0.8%	7,164,681	7,348,679	183,998	2.6%
Gift		502,989	435,766	(67,223)	- 13.4%
Excise taxes, total	2.8%	33,310,980	25,934,040	(7,376,940)	- 22.1%

¹ Includes presidential election campaign fund amounting to \$33,179,268

self-employment income. The amount of OASDHI tax collections shown is based on estimates made by the Secretary of the Treasury pursuant to the provisions of section 201(a) of the Social Security Act as amended and includes all OASDHI taxes. The estimates shown for the two categories of individual income taxes were derived by subtracting the OASDHI tax estimates from the combined totals reported.

the Presidential Election Campaign Fund: This year, 21 percent of the total individual income tax returns, or 22.8 million. showed designations to this fund of \$34.4 million. The cumulative amount credited to the fund since it began in 1972 is \$534.8 million.

Contributions to Reduce the Public Debt

Last year was the sixth year federal tax forms carried a message inviting taxpayers to make voluntary contributions to reduce the public debt. Taxpayers could send separate checks, payable to the Bureau of Public Debt,

with their federal tax returns and take a deduction on the next year's tax return. subject to limitations on charitable deductions. This year, there were 423 contributions, totaling \$175,000, making the number of contributions 10,805 and the total contributed \$1,7 million.

Tax Refund Offset Program

By direction of Congress, the IRS acts as a collection agent for a number of government agencies to collect money taxpayers owe on delinquent child support payments and a variety of delinquent government debts. Con-

Refunds of Forms 1040, 1040A and 1040EZ including withheld taxes, minus FICA.

³ Includes presidential election campaign fund amounting to \$33,421,709.

^{**}Pestimated collections of individual income tax withheld are not reported separately from old-age, survivor's, disability and hospital insurance (OASDH) taxes on wages and salaries. Similarly, collections of individual income tax not withheld are combined with OASDH taxes on

^{*} Less than 0.5%

gress requires the IRS to withhold all or part of the taxpayer's income tax refund to "offset" the amount of the delinquent payments.

Since 1981. Congress has required the IRS to withhold all or part of a tax refund to cover delinquent payments if a taxpayer fails to make support payments to a child or spouse who receives public assistance. In 1986. Congress also set the requirement for IRS to apply individual income tax refunds to offset support payments for a child or spouse who is not on welfare and to pay delinquent debts owed to other federal agencies.

Through an agreement with the Department of Health and Human Services, IRS acts as collection agent for the state welfare agencies in all child or spouse support cases. The refund amounts are used to reimburse the agencies for the support they furnish through aid to families with dependent children. The state agencies turn the funds over to the parents having custody of the children in nonwelfare cases. In 1988, refunds totaling 734,561 were offset in the amount of \$405.3 million to cover delinquent payments.

Other agreements with the Departments of Housing and Urban Development, Agriculture, Education, Defense, Treasury, Justice, and Health and Human Services, and the Veterans and Small Business Administrations, require the IRS to act as collection agent for delinquent federal debts. During 1988, refunds were offset for this purpose on 459.755 individual income tax returns in the amount of \$230.7 million.

Legislative authorization for the nonchild support offsets expired on lune 30, 1988, so the IRS ceased offsetting against nontax federal debts. However, the program was later reauthorized and extended through January 1994 by the Family Support Act of 1988. Since separate legislation governs child support offsets, they continued without interruption during the period when legislation suspended offsets for nontax federal debts.

Earned Income Credit

Low income taxpayers who keep a home for themselves and at least one dependent may claim the earned income credit. Taxpayers who qualify for the credit may choose to get it in their paychecks in the form of advance payments during the year, rather than wait and file for it on their tax returns after the year is over. About 8.5 million taxpayers claimed a total of \$2.8 billion. Employers reported they paid out \$4.1 million in advance earned income credits:

Master File

The number of taxpayer accounts on the Individual Master File grew to 145.7 million by the end of 1988. a 2.9 per-

The Composite Mail Processing System (COMPS) at the service center can sort, open and count up to 30,000 pieces of mail per hour with 98 percent accuracy. The system can even sense if there's a check inside an envelope, so monies can be deposited faster.

cent increase over last year. The Business Master File contained 28.5 million accounts, a one percent increase over the previous year. The National Computer Center processed 947.6 million individual and business master file transactions, up by 141.3 million or nearly 17.5 percent over 1987

Lockbox Program

One of the many cash management programs the IRS conducts is the use of the Department of Treasury Lockbox Program network to collect Form 1040ES. Estimated Tax for Individuals. tax payments. During 1988. taxpayers who would normally file their Form 1040ES tax payments at the Andover. Atlanta, Brookhaven, or Kansas City Service Centers sent their payments to addresses which belong to commercial banks.

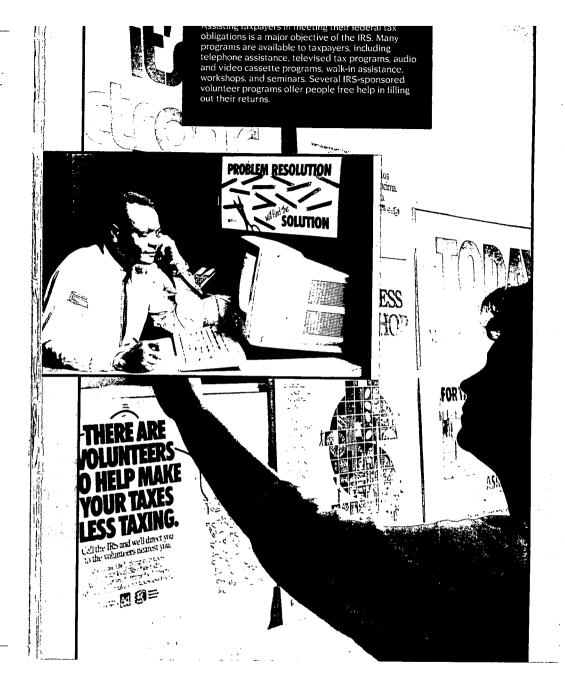
Treasury reported that the Lockbox Network deposited \$26 billion, resulting in a total savings of \$18.6 million in interest avoidance savings.

Program Analysis System

The Program Analysis System (PAS), is a highly specific quality review of the products from some of the IRS major processing systems. PAS provides information to management about the who, where and why of both taxpayer and systemic errors. Based on the information provided by PAS, IRS makes changes to forms, instructions, procedures and processing systems to eliminate or reduce errors in future processing.

Because of the basic design of PAS, its adaptability will allow IRS to expand the review to new areas to provide managers with more information on which to base their decisions.

Major print campaigns and the Problem Resolution Program are among the many special programs IRS provides to assist taxpayers.



In 1988, IRS mailed more than 117 million it a packages to taxpoyers which represents more than eight billion pages of forms, instructions, and tax data. Employees at distribution warehouses filled about 28 million taxpayer orders for forms and publications and enswered up to 126,000 toll tree felephone cells per day.

Informing the Taxpayers

During the important first year of filing under the new laws of the Tax Reform Act of 1986. IRS made special efforts to reach the largest audience through electronic media and print assistance. Anticipating the major impact that tax reform would have on nearly every individual and business taxpayer in the nation, the IRS joined with the Advertising Council in a five-year partnership to develop major print and broadcast public service campaigns.

Using the campaign theme. "Make Your Taxes Less Taxing." the Advertising Council conducted an extensive campaign placing public service materials with television and radio stations, in newspapers and magazines, and on bill-boards and buses throughout the country. The campaign highlighted major topics such as: "File Now." "Tele-Tax." and "Volunteerism." Network and local news programs also featured the campaign.

The IRS also produced a variety of electronic media material throughout the year. Public service programming was available to over 1,200 television stations and cable outlets and 10,000 radio stations. Audio and videotapes in English and Spanish aired on tax reform and tax preparation. In addition, various panel discussion programs were produced for cable television.

A two-hour tax program in February aired over 226 public broadcasting stations and reached 4.6 million viewers, an increase of about a half million viewers over last year. A Spanish language clinic reached over 900.000 viewers, and a syndicated television tax program ran on 180 commercial stations, covering 84 percent of television households.

IRS placed materials in publications worldwide to assist and educate taxpayers. Materials included a tax supplement for mass media circulation and several clipsheets aimed at specific audiences such as employees. farmers. and Hispanics. Successful promotions led to publication of these special tax sections in nearly 2,000 newspapers and in-house newsletters for a circulation of 35 million. *USA Today* published a special tax guide reaching millions of readers.

Another major marketing effort resulted in the American Forces Press Service publishing a special "Income Tax Edition" which was distributed to over 1,000 publications worldwide. This edition had an estimated readership of more than 4 million military and civilian personnel and their adult dependents.

The total value of free advertising for print media placement in daily newspapers and broadcast media placement of television and radio spots was approximately \$65 million.

Taxpayer Assistance

This last filing season IRS offered new methods of tax assistance, both domestically and abroad, in response to taxpayer concerns over the changes made by the Tax Reform Act of 1986. IRS became more accessible to its customers by offering additional walk-in offices and extended hours of operation, including Saturday and limited hours on Sunday for walk-in and telephone help. Some areas piloted a math verification program to help taxpayers who prepared their own returns. IRS also used computer programs designed to review returns and identify errors while the taxpayer was present to provide the corrections.

IRS began the."One-Stop Service Concept" to help taxpayers meet their tax obligations with just one IRS contact. Districts used their expanded authority to quickly resolve account problems while talking to the taxpayer. Several districts also invited state tax agencies to join IRS at tax preparation sites.

IRS also took steps to determine whether quality service was being delivered to the public. The Service established the Integrated Test Call Survey System (ITCSS). Using the ITCSS to make 20.000 test calls to the toll-free telephone sites during the 1988 filing period. IRS was able to more accurately measure the quality of telephone assistance on selected tax law topics and target corrective actions.

Concentrated efforts continued towards educating the taxpaying community and establishing contacts to monitor the impact of the Tax Reform Act of 1986. More communications with practitioners and congressional liaison offices expanded the pool of resources available to help IRS help the taxpayers. Regional contacts were established to send questions on areas of technical concern to the National Office for prompt resolution.

rissisting laxpayers	1988	1987
WRITE, CALL OR WALK-IN -		
Toll-Free Telephone	38.5M	34.7N
Account & Problem Resolution	6.3M	5.7N
Technical	4.0M	2.6N
Service for the Deaf	2,746	1,660
Non Toll-Free Telephone	· .3M	.31
Tele-Tax	13.4M	10.91
Automated Response	2.1M	2.31
Refund	11.3M	8.61
Correspondence	166,000	169,000
Walk-In	7.4M	7.1N
Permanent Offices	479	41
Filing Season Only	64	50
Foreign Language Assist.	112	98
Tax Forms & Instructions Distributed	274M	292N
Libraries, Banks & Postal Service	69,000	54.400
DISASTER/EMERGENCY ASSISTANCE		
States	8	T
Counties	54	188
Cities/Towns/Communities	2	51
TAXPAYER EDUCATION		
Outreach Taxpayers Assisted	1.0M	903,000
Community Sites	12,000	11,000
VITA & TCE Taxpayers Assisted	2.3M	1.71
Volunteers	82,000	57,000
Students Receiving Understanding		
Taxes Material	4.0M	3.7N
Workshops		
Small Business Attendees	52,000	47,000
Tax Practitioner Institutes	72,000	11,00
Attendees	59,000	36,000
Sites	377	199
Student Tax Clinic Sites	8	12
TAXPAYER INFORMATION .		
Free Advertising Received	\$65.0M	\$45.0N
Television Clinics/Special Programs	29	1
Radio Clinics	10	
Potential Viewers/Listeners*	242M	17.0N
Newspapers Using Tax Supplements	1,939	1,049
Estimated Circulation	35.3M	29.0N
Public Service Ads Printed	6,240	4,700
Estimated Circulation	120.7M	
Estimated Circulation Estimated Supplement/Ad Value		97.0N
Billboards	\$7.3M	\$5.7N
DIIIUUdius	2,100	2,000

Assisting Taxpayers

Telephone Assistance

1988

1987

IRS provided convenient help for taxpayers through three forms of telephone assistance: the toll-free system with trained staff to help with technical tax law and procedural questions and account problems; Tele-Tax for either recorded technical tax law information or the status of the current year's refund; and, a special toll-free service for taxpayers to order forms and publications.

The public's awareness of Tele-Tax grew in 1988. The system handled more than 13 million queries, an increase of over 2.5 million from 1987. In response to the increased demand, IRS added two additional Tele-Tax sites, bringing the total to 30.

Educating Taxpayers

To enhance voluntary compliance with the federal tax laws, educating the public on tax law changes and providing free tax assistance to those with special needs are primary objectives for IRS. Two programs sponsored by IRS used trained volunteers at community sites across the country to help people fill out their tax returns. The Volunteer Income Tax Assistance (VITA) Program assisted 1.0 million taxpayers, and the Tax Counseling for the Elderly (TCE) Program helped over 1.3 million. These programs reached special groups of taxpayers for whom professional help may have been out of reach, including the lowincome, non-English speaking, handicapped, and elderly.

The Community Outreach Tax Assistance Program also provided tax assistance and information to more than 1.0 million taxpayers. This program proved to be especially popular, since it was offered at convenient times and locations in the community for taxpayers who were unable to seek help at IRS offices during normal business hours. IRS representatives explained the Tax Reform Act's effect on taxpayers and discussed particular provisions of the tax law with special-interest groups such as small business owners, self-employed people, farmers, and retirees.

In 1988, the IRS introduced a revised Understanding Taxes Program for high school students using computer software and video programs in the instructional materials. Four million students nationwide studied taxes using the new innovative course. As a result of an IRS initiative, selected community colleges across the country began piloting an IRS-developed course covering a full-range of subjects for small businesses and self-employed people. Course materials contained instructor and student guides and a videotape designed so that the material can be tailor-made to fit the needs of different audiences. An

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Figure for 1987 was for estimated viewers/listeners, while the 1988 figure reflects potential viewers/listeners.

evaluation of the course is being made to consider nationwide expansion of the program. Professional tax preparers received assistance through practitioner institutes.

Forms and Publications

In an increased effort to simplify the forms and instructions, IRS completely revised the instruction packages for Forms 1040A and 1040EZ. The text was simplified and graphic improvements were made. Also, a short form was developed for computing self-employment tax. Of the 12 million people required to compute self-employment tax. about 11 million will use the new short version.

During the summer, IRS released advance proof copies of the major 1988 tax forms for public comment. Taxpayer testing was done on specific parts of the individual tax forms that caused problems last year. IRS made many improvements to the forms before they were printed, based on the comments received from the public and findings of the testing.

As required by the Office of Management and Budget, a statement was added to the instructions for each tax form regarding the time needed to complete the form. The statement invites the public to comment on the accuracy of the time estimates and to make suggestions regarding the tax forms.

The time estimates were figured using a new method for computing paperwork burden, which was developed as the result of an extensive study by an outside consultant in consultation with the Office of Management and Budget. Through focus group interviews, diary studies, and nationwide surveys of taxpayers, the consultant collected the reviewed data on the time taxpayers spent preparing tax returns.

The previous method used by IRS to measure burden only counted the time spent filling out forms and not the time devoted to other tasks related to tax preparation. The new method, developed as a result of the study, estimates the time needed to perform other tax-related tasks such as recordkeeping, learning about the law or the form, reading instructions, and preparing returns for mailing, in addition to actually filling out tax returns. Although the new method produces higher time estimates, they are more accurate than the old estimates. The IRS has a better picture of the time required for tax preparation and the types of forms and schedules that cause the greatest burden.

IRS developed and printed two new taxpayer information publications: Publication 1, Your Rights as a Taxpayer, and Publication 933, Major Tax Law Changes Enacted in 1987. A short version of Publication 17, Your Federal Income Tax, was developed. IRS will test proposed new Publication 2. Taxes and You—The ABC's of Income Tax, during the 1989 filing season to determine its potential market.

Employees at three new distribution warehouses filled

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about 28 million taxpayer orders for forms and publications, most of them within 48 hours of receipt. With the completion of the third Centralized Inventory and Distribution (CIDS) Center in Sacramento, California, the IRS now has more than 260,000 square feet of warehouse space to store a variety of published items for distribution to taxpayers. IRS offices and forms outlets. Hundreds of formsorder assistors use the sophisticated communications systems in the three CIDS sites to answer up to a capacity of 126,000 toll-free telephone calls per day. During 1988. IRS provided a 97 percent level of service for 6 million toll-free calls.

IRS supplied taxpayers with a wide variety of tax forms and published tax information, including an all-taxpayer notice on the availability of new Publication 920, Explanation of the Tax Reform act of 1986. IRS gave taxpayers information on specific tax topics printed in more than 50 million publications, ranging in size from 2 to 220 pages and distributed through a multitude of outlets.

IRS mailed about 117 million tax packages to individual income tax filers and business tax return filers. This mass distribution of tax information represents more than eight billion pages of forms, instructions and tax data delivered directly to taxpayers. More than 400 million tax forms and instructions went to taxpayers through the voluntary services of 57.000 libraries, banks and post offices.

IRS offices across the country passed out more than 100 million tax forms and instructions over their taxpayer walkins service counters. More than 50 million forms, instructions and publications were sent out to tax practitioners.

Problem Resolution Program

The Problem Resolution Program (PRP) continued to recognize the importance of preventing problems for taxpayers. The PRP staff worked with other IRS activities for a successful 1988 filing period involving the major tax reform changes.

The program handles taxpayers' complaints and seeks to prevent future problems by identifying the root causes of the complaints and by representing within the IRS the interests and concerns of taxpayers. Through the Problem Resolution Program, 393,000 taxpayers received assist-

ance in solving tax problems that were not resolved through normal procedures.

The Taxpayer Ombudsman, a member of the Commissioner's immediate staff, directs the program. Each IRS district, service center, and regional office has a Problem Resolution Officer (PRO). In resolving taxpayers' problems and protecting their rights, PROs may intervene in cases if IRS action or inaction would cause a hardship for the taxpayer. In such cases, PROs can stop actions so the case can be reviewed to determine if the action is correct and appropriate. They can also take steps to speed up an action, such as expediting the issuance of a refund or the release of a lien. These authorities were formalized as Taxpayer Assistance Actions and, later, codified as Taxpayer Assistance Orders by the Taxpayer Bill of Rights Act.

PROs also have the authority to approve replacement checks for certain lost or stolen refunds; substantiate credits to taxpayers' accounts where the taxpayer can furnish proof of payment, but the IRS cannot locate the payment; and reverse certain penalties if taxpayers have a reasonable cause.

Besides preventing and correcting problems, PROs publicize PRP through television and radio, articles and advertisements, and meet regularly with tax practitioner associations, Congressional staffs, and outside groups regarding the program.

During 1988, PRP personnel placed test orders for tax forms, reviewed samples of tax returns at service centers and district offices, and monitored telephone calls of tax-payers seeking assistance.

Among its other accomplishments in preventing problems for taxpayers, PRP's recommendations in 1988 resulted in:

- contacting state unemployment offices to make recipients aware that unemployment compensation is taxable under the Tax Reform Act of 1986:
- eliminating the taxpayer burden of sending documentation with the income tax return to support foreign tax credit claimed;
- issuing employer identification numbers faster in district offices; and.
- helping to improve procedures for processing and controlling Forms 2553, Election by Small Business Corporation.

Public Affairs

Public Affairs Officers (PAOs) in each district, service/ compliance center, region, and in the National-Office use a variety of communication skills to inform and educate IRS employees and outside audiences about changes in tax laws and tax return processing procedures.

PAOs provide information on tax law changes and proc-

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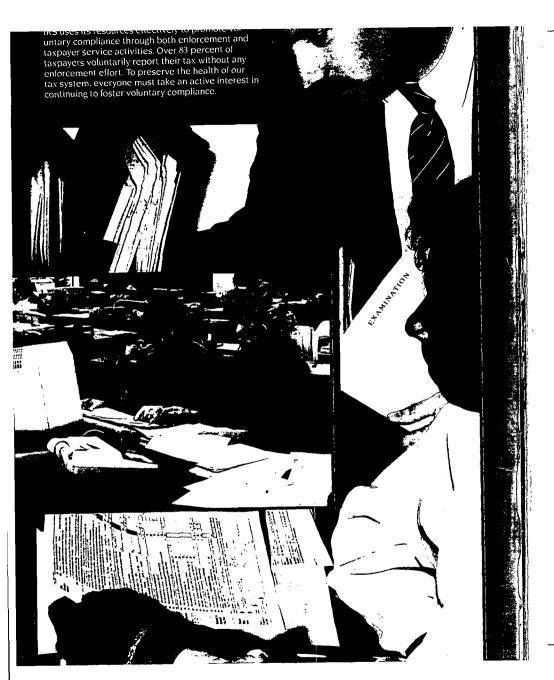
essing procedures to specialized audiences such as tax practitioners, state government officials, Congressional staff, businesses, media, civic organizations, the general public, and IRS employees. This is accomplished through the use of radio, television, printed materials, news releases, tours, teleconferences, speakers, tax practitioner newsletters, and the Commissioner's and Chief Counsel's Annual Report.

Publicity efforts last year emphasized areas of filing early and accurately, expansion of electronic filing, use of Tele-Tax service, and volunteers for free tax assistance programs. An extensive campaign promoted taxpayer understanding of the tax law changes made by the Tax Reform Act of 1986 such as filing of Forms W–4, Employees Withholding Allowance Certificate, applying for social security numbers for dependents, and tax shelter settlement initiatives.

Field PAOs had more than 36.000 media contacts: the staff in the National Office Public Affairs responded to over 4.000 inquiries. Field PAOs coordinated requests for nearly 4.000 speakers to address civic groups and professional tax groups.

Disaster Assistance

In 1988, taxpayers in eight states suffered losses because of floods, hurricanes, tornadoes, and other emergencies and disasters. The IRS provided on-site help to the victims in preparing amended returns for casualty loss claims and expediting refunds to the affected taxpayers.



Examination

Examination administers a nationwide audit program involving the selection and examination of all types of federal tax returns (except exempt organization and alcohol, tobacco and firearms) to determine correct liabilities of taxpayers. Examinations are conducted either through interviews or correspondence.

IRS examined 1.03 million returns through field or office audits which resulted in \$19.2 billion recommended additional tax and penalties, and refunds totaling \$636 million.

Through the service center examination program. .56 million returns were corrected, resulting in recommended tax and penalties of \$750 million. Through correspondence by service center tax examiners. 18 million returns were corrected, resulting in recommended tax and penalties of \$737 million. Through efforts in districts and service centers. Examination verified or corrected 1.26 per cent of all returns filed in 1988.

Automated Examination System

Through the Automated Examination System (AES), distribution of 18,000 portable computers was completed to revenue agents and group managers within Examination, International, Appeals, and Employee Plans/Exempt Organizations. Agents also received an additional 680 desktop computers for use in team or large case examinations.

Distribution of specialized software programs, called "workcenters", was also made for use in audits by IRS engineers and estate and gift tax attorneys. Corporate, employment and excise tax workcenters underwent final development and testing stages with release expected in fiscal year 1989.

To facilitate tax law research, the AES program area is in the process of developing an electronic tax law research service, called "Citator," which revenue agents can access through their portable computers.

Coordinated Examination Program

Through the Coordinated Examination Program, teams of the most experienced examiners and specialists in the IRS conducted examinations of 1.461 of the largest and most complex domestic and foreign-controlled corporations. In 1988, the examinations resulted in recommended tax deficiencies and penalties totaling \$9.58 billion.

Examination of returns and identifying filers of fictitious claims for tax refunds are two IRS programs used to enforce the tax laws.

Computer Assisted Audit Program

Computer audit specialists help revenue agents in cases involving computerized records and are responsible for securing record-retention agreements with certain large taxpayer corporations. They are trained in advanced statistical techniques, which they apply to examinations, and serve as expert assistants to other revenue agents and examination specialists.

Tax Shelters

IRS examined 141,058 returns with tax shelter issues. Examination of these returns resulted in total recommended additional tax and penalties of \$2.3 billion.

The Tax Reform Act of 1986 significantly altered the business environment for tax shelters through laws which eliminate or dramatically limit the tax benefits available under prior law.

In a effort to settle old tax shelter cases, Examination, Chief Counsel and Appeals established a program of settlement offers to encourage taxpayers to settle their cases at the lowest possible level. This program resulted in a dramatic increase during 1988 in the rate of agreement on tax shelter cases.

The provisions of the Tax Reform Act are still too new to declare tax shelters a thing of the past. IRS will continue its efforts to identify and challenge potential abusive tax shelters.

Excise Tax Program

Coordination between examination. Chief Counsel and private industry increased in an attempt to develop regulations and procedures for the administration of the new laws for gasoline and diesel fuel excise taxes.

New forms have been developed, which will be attachments to quarterly excise tax Form 720, to help taxpayers report and pay the correct amount of their excise tax. These forms will be used beginning with the first quarter of 1989

Initial steps have been taken to establish a national data base for taxpayers to verify the validity of an excise tax registration for the purpose of tax-free transactions.

Industry Specialization Program

IRS has a continuing program for identifying industry groups requiring centralized coordination and expertise. Industries are designated for this program based on the complexity and significance of tax issues. This information is obtained through an industry study which is coordinated nationally.

Currently, there are 16 designated industries and three industries under study. Once an industry is designated for the specialization program, a team of experts from the Examination and Chief Counsel functions is established and they become the focal point for providing legal and audit direction to examining agents.

The primary purpose of this program is to promptly identify issues of industry wide impact and reduce the number of future issues by communicating the IRS position to taxpayers within the industry.

Research To Improve Compliance

The Taxpayer Compliance Measurement Program (TCMP) is based on the examination of a stratified random sample of returns. The resulting data is used to develop discriminant function (DIF) formulas, which are the primary methods of selecting returns for examination.

IRS completed the first TCMP S Corporation (Forms I120S) survey this year. New examination classes for S Corporations will be formed based on TCMP data, and DIF formulas will be developed for returns filed in 1990. Both S Corporation and individual return TCMP files will be reformatted to include changes from the Tax Reform Act of 1986.

The fifth TCMP survey for corporations with assets under \$10 million started September 1, 1988, and will be completed May 31, 1990.

The IRS conducts research on returns containing specific issues to determine pockets of noncompliance as well as the reasons for noncompliance. A research study is now being conducted to determine the reasons why payers of income other than wages submit information returns (Forms 1099) to IRS with missing or invalid taxpayer identification numbers. The IRS is also conducting examinations to study taxpayer compliance with various provisions of the Tax Reform Act of 1986. The IRS uses the information derived from these types of specific studies to determine future enforcement strategy.

Quality in Examination

Quality of case work is stressed by placing emphasis on adherence to a set of Auditing Standards. This process is measured by both on-line and post-review systems.

Experienced examiners coordinate the work of, and serve as a resource to, newer examiners in a program designed to continue the transfer technical expertise and auditing skills after the examiners leave the training phase.

Dr. Joseph Juran's quality improvement principles are being used as one method of studying work processes solving systemic problems.

The Examination function at the National Office includes

RC examined 1.03 million returns through find or office audits which resulted in \$10.2 billion recommended additional tax and pentilities and refunds totaling \$61.5 million.

an organization working exclusively with programs relating to Examination quality.

Information Returns Program

The IRS document matching program, also referred to as the Information Returns Program (IRP), is a largely computerized compliance program used by the IRS to match third party information on items such as wages, interest, dividends, and certain deductions with the amounts reported by taxpayers on their income tax returns. The IRS also uses the information to identify people who are reported to have received income, but did not file returns.

During 1988, the IRS received over 913 million information returns. Included in this total were over 210 million Forms W-2. Wage and Tax Statement, and W-2P. Statement for Recipients of Annuities. Pensions. Retirement Pay, or IRA Payments. which are received and processed by the Social Security Administration. Of these documents, some 72 million represented deductions for items such as contributions to individual retirement arrangements and mortgage interest payments. Over 845 million, or 93 percent, of the documents were submitted on magnetic media.

When return information does not agree with filed information documents, taxpayers are asked to explain the discrepancy. IRS sent about 3.8 million notices reflecting discrepancies to taxpayers. In addition to the above matching program, the Collection function sent out about 3 million notices to taxpayers for failure to file a tax return based upon information returns filed.

Payer Compliance

To ensure compliance, the IRS issued requirements and guidelines for the preparation of information returns, including timeliness and the proper use of taxpayer names and taxpayer identification numbers (TIN). Beginning with the tax year 1986 program, the IRS began pursuing the

back-up withholding requirements from the Interest and Dividends Tax Compliance Act on missing TINs for interest and dividend issues.

The IRS continued to assess penalties for delinquent filing and failure to file on magnetic media. The IRS also sent all filers of information returns the guidelines, transmittal documents, and mail labels for use in filing their next information returns.

Disclosure

IRS responded to 18,171 requests made in calendar year 1987 (latest data available) under the Freedom of Information and Privacy Acts and provided services to 14,693 people in the Freedom of Information Reading Room.

Under the Federal/State Exchange Program, 50 state tax agencies requested extracts from the IRS files, and 40 state tax agencies received copies of CP–2000 Notice. Proposed Changes to Income or Withholding Tax, adjustments. New tape extracts from the Information Return Master File were added. IRS and state tax officials also exchanged results of their enforcement efforts.

Approximately 45 federal agencies and 106 state tax agencies received federal tax information subject to safeguards on confidentiality. More than 50 state and local welfare agencies received information to verify eligibility for benefit programs. Educational institutions received tax information for collection of defaulted student loans and several federal agencies received information on federal tax refunds offset against federal debts.

Because of statutory changes there has been a rapid increase in the number of agencies receiving federal tax information. IRS developed an aggressive five-year plan for its safeguard of information reviews. IRS National Office and field Disclosure personnel conduct these on-

site reviews of organizations receiving federal tax information to prevent unauthorized disclosure of returns and return information.

The IRS processed about 42 requests (involving 329.673 potential recipients) for volume letter forwarding services of 50 or more letters each. The IRS may agree to forward letters from both private and government agencies to individuals at the latest address available in IRS records. Specific humane circumstances must exist for private requesters to participate in this program.

Criminal Investigation

The Criminal Investigation mission is to encourage and achieve the highest possible degree of voluntary compliance with the Internal Revenue Laws by conducting high quality investigations and recommending criminal prosecution when warranted, under the United States Code Title 26 (Internal Revenue Code), Title 18 (Crimes and Criminal Procedure), and Title 31 (Money and Finance), Criminal Investigation special agents target their efforts in a number of programs such as organized crime, narcotics traffickers, money laundering, questionable refund schemes, tax shelters, and other domestic and international violations. As part of Criminal Investigation's goals, special agents also conduct investigations and recommend prosecution in a variety of industries and occupations in order to maintain a balanced program of law enforcement.

The Automated Criminal Investigation system is an extensive automation effort with a primary purpose to improve the efficiency and effectiveness of all Criminal investigation employees. Uniform hardware and commercial software will be compatible with other functional systems within the IRS.

Results of Criminal Investigation Activity

	Fraudulent tax shelters 1988	Illegal tax protesters 1988	Narcotics related 1988	Title 31 1988	All others 1988	Totals 1988
Investigations initiated	55	184	1040	390	3230	4899
Investigations completed	151	267	1239	349	2994	5000
Prosecutions recommended	93	178	876	237	1660	3044
Indictments & informations	130	234	714	159	1532	2769
Convictions	114	224	614	120	1419	2491
Sentencings	119	238	627	97	1538	2619
Number receiving prison sentence	81	148	480	46	835	1590

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Bank Secrecy Act

The Bank Records and Foreign Transactions Act was signed into law on October 26, 1970. It has become more commonly known as the Bank Secrecy Act. The Currency and Foreign Transactions Reporting Sections of the Act require individuals, banks, and other financial institutions to report certain of their foreign and domestic transactions to the Federal Government. One such requirement is the filling of Currency Transaction Reports (CTRs) with the IRS for currency transactions exceeding \$10,000. Failure to comply with these reporting requirements may lead to civil penalties, civil forfeiture, and criminal prosecution. A more recent feature of the Act makes it a crime to structure financial activities to evade the filling of CTRs by banks and other kinds of financial institutions.

It was a Criminal Investigation Division (CID) financial structuring investigation which uncovered and dismantled a major narcotics and money laundering syndicate. This investigation received widespread media coverage in May of 1988. The intelligence developed by CID special agents led to the formation of a multi-agency task force to investigate this syndicate. One of the significant achievements of the task force was the seizure of a barge concealing 45 tons of marijuana and hashish as it attempted to enter one of the Golden Gate waterway harbors. A second significant achievement was the extent to which CID agents uncovered businesses and bank accounts which people used to launder monies. Special agents made several large currency seizures, exceeding \$600,000 in total.

CID efforts have led to many indictments or informations for violations of money laundering and the Bank Secrecy Act. In 1988 alone, CID investigations resulted in 445 indictments or informations for these violations.

Forms 8300 Program

This program is similar to the Bank Secrecy Act in that it deals with payments in currency in amounts in excess of \$10.000. However, this program deals with cash payments received in any trade or business and requires the merchants to prepare and file a Report of Cash Payments Over \$10.000 Received in a Trade or Business (Form 8300). These requirements are contained in the Internal Revenue Code Section 60501 and were part of the Deficit Reduction Act of 1984. Criminal Investigation has been addressing problems in this fairly new program, one of which is a lack of awareness by the general public. Criminal Investigation has developed an awareness poster to be distributed to various merchants nationwide to remind them of the requirements to file Forms 8300.

Questionable Refund Program

This program identifies the filers of fictitious claims for tax

Phoogh the Opentionalon Refund Proerem, more than 628 million was dissected to 1988 in actitione daims for refund prior to table issuance.

refunds. The program starts with teams of tax examiners operating in each of the service centers across the nation. They work with specialized computer selection criteria, and then screen millions of tax returns looking for clues that will identify suspected returns. Once a scheme is detected at a service center, all the remaining centers are notified of the characteristics of the fictitious returns, so that returns filed at different centers can be associated into one package. These characteristics may include fictitious employment information, addresses, or taxpayer identity. The packages on each scheme are then referred to the field offices for prompt investigation.

In September 1988, a Oregon man became the first individual to be sentenced for filing fictitious claims by having them electronically transmitted by computer. The perpetrator assumed the identities of dead or fictitious people and prepared false Forms W–2. Wage and Tax Statements, which he attached to the returns. He received 37 months in prison as part of his sentence.

In 1988, the Ouestionable Refund Program detected more than \$28 million in fictitious claims for refund prior to their issuance.

Organized Crime Task Forces

The IRS is strongly committed to working with other federal agencies in combating organized crime through participation in the various Department of Justice strike force programs. The strike force approach presents a coordinated pursuit by law enforcement agencies of organized crime members and their criminal activities. Successful prosecutions weaken organized crime by breaking up its organization and by removing major crime members from their positions in the criminal hierarchy.

The IRS believes that devoting substantial resources to the investigation of organized crime is appropriate not only because of the significant amount of unreported income involved, but also to maintain public confidence that IRS administers the tax laws fairly and evenly.

In a recent case in Miami, a large tax shelter case was uncovered. It was revealed that the tax shelter was bankrolled by a loanshark from the Chicago organized crime family. When the mobster realized how profitable the scam was, he extracted about \$2 million from the principals behind the operation. The various people involved in this scam received prison sentences totaling over 60 years.

Drug Enforcement Task Forces

The IRS is a significant participant in the President's Organized Crime Drug Enforcement Task Forces. IRS participation is the largest of any Department of the Treasury agency and second only to the Drug Enforcement Administration. The investigation of narcotics traffickers involves in-depth financial analysis by special agents of the Criminal Investigation Division. These investigations are in direct correlation with effective tax administration and the fostering of voluntary compliance among people receiving income from illegal sources.

A significant case in Ohio, involving drug and tax charges, resulted in the person receiving a 30 year sentence with no parole, additional tax of \$538,890 and forfeiture of over \$1 million in cash and other assets.

Motor Fuel Excise Tax Program

This program identifies dealers or wholesalers of gasoline and diesel fuel who have not been paying the proper excise tax due on the sale of these products. The prosecution of significant criminal cases in this area is becoming a new priority for Criminal Investigation. One such case involved members of New York City organized crime who operated a nationwide gasoline tax evasion scheme to evade more than \$1 million in excise taxes. The investigation covered the years 1983 through 1985 and resulted in convictions in August 1988.

General Enforcement Cases

IRS investigates many cases that are not connected to any special emphasis area such as narcotics, organized crime, or abusive tax shelters. One such case that illustrates the policy of conducting a full financial investigation was recently conducted in Missouri. The owners of a large interstate trucking corporation had skimmed over \$660,000 of unreported income, and then forced the corporation into bankruptcy. The investigation disclosed that the taxpayers had secretly hidden personal assets totaling over \$1 million to avoid paying taxes on the income they used to purchase these assets and avoid having the assets seized for the payment of any tax assessments. These assets included cash, jewelry, fur coats, and a tractor trailer full of antique furniture (including a 5-foot chandelier). Both taxpayers were convicted on all charges; one sentenced to 20 years and the other to 30 vears imprisonment.

Collection

Collection is responsible for taxes where the amount owed is not in dispute. but remains unpaid. Collection secured

\$23.3 billion in 1988, compared with \$22.9 billion in 1987. Of that sum, \$10 billion was collected as a result of the first bill. Subsequent billings yielded \$5.4 billion. Additional action on taxpayer delinquent accounts generated \$6.4 billion, with various other programs yielding \$1.5 billion.

Service Center Collection Branch

The Service Center Collection Branch (SCCB) is Collection's first point of contact with taxpayers who may be delinquent in filing tax returns and paying taxes. The SCCB expanded its effectiveness in addressing taxpayer noncompliance by starting the Automated Internal Revenue Code 6020(b) and Substitute for Return Programs for businesses and individuals, respectively. The programs automate the preparation and assessment of returns for taxpayers who have been notified of the delinquency and have not filed their tax returns.

The SCCB reviews selected Forms W-4. Employee's Withholding Allowance Certificate, to determine whether employees have the correct amount of tax withheld from their wages and, if necessary, directs employers to increase the amount withheld.

IRS expects to process about 875.000 returns under these programs during fiscal year 1989 with assessments totaling more than \$3.5 billion.

Automated Collection System

Accounts that are not resolved in the SCCB are assigned to the Automated Collection System (ACS) for further collection activity. The ACS completed its third full year of operation and increased in effectiveness to the point that 65 percent of all delinquent account dispositions were resolved through full payment.

Integrated Collection System

The Integrated Collection System (ICS) Project is a comprehensive automation effort to streamline a labor-intensive paper system and thereby improve quality, productivity, and timeliness of Collection case processing and responsiveness to taxpayers in over 650 Collection offices nationwide. The ICS will employ a common data base to simplify the exchange of information among all four Collection organizational units: the Collection Field function, the Special Procedures function, the Service Center Collection Branch and the Automated Collection System.

Credit Card Payment of Federal Taxes

For IRS to accept credit card payments, there must be

authorizing legislation to amend Internal Revenue Code Section 6311 to allow the Secretary of the Treasury to accept credit card payments for internal revenue taxes, or for payment for internal revenue stamps. Treasury transmitted to Congress a legislative proposal, which has the full endorsement of the Office of Management and Budget.

During the past year, the IRS continued to study the credit card industry to determine the best methods to use in integrating credit card payments into the current processing system. A strategy for testing the acceptance of credit card payments has been developed.

In recommending the acceptance of payment of taxes by credit card, the IRS is in no way suggesting or contributing to any act to encourage the increase of debt. The unpaid tax debt is already there. The cost to the taxpayer for a credit card tax payment may be less than the amount of interest and late payment penalty that IRS would charge if a liability is not paid by the date prescribed.

Employment Tax Examination Program

The Employment Tax Examination Program was implemented in Puerto Rico and all districts. except the Houston District. During the year. 9.349 returns were examined and over \$50 million in additional assessments were proposed. Approximately 90 percent of the cases examined resulted in proposed additional assessments.

International

The Office of the Assistant Commissioner for International provides program leadership and direction for all international tax matters, including the development, execution and evaluation of multifunctional compliance and assistance programs on a worldwide basis. The office was created to address specific tax administration needs caused by an increasingly global economy. The growing impact on the tax system of economic activities crossing national borders is reflected in the emphasis Congress placed upon international issues in the Tax Reform Act of 1986 and in the elevation of International from a district to assistant commissioner status.

International's commitment to provide quality customer service in 1988 extended far beyond the borders of the United States to every continent except Antarctica. International taxpayer assistance nearly doubled its base of scheduled taxpayer service visits to U.S. embassies and consulates—161 cities within 70 countries—helping about 300,000 U.S. taxpayers living abroad and in U.S. territories and possessions. Taxpayer education was an integral part of this expanded overseas service, which included Volunteer Income Tax Assistance (VITA) and Outreach Programs

throughout the world. IRS staffs provide year-round assistance at 14 overseas posts. A major media effort to inform overseas taxpayers of the rules affecting them proved highly successful.

In enforcement, International provided program direction to 510 specially-trained examiners based in 23 district offices within the United States. Continuing increases in International's staffing highlight the growing prominence of international issues in tax administration.

International's enforcement division recommended (1) net reductions in allowable foreign tax credits of \$5.8 billion; (2) adjustments increasing taxable income by \$2.1 billion; (3) penalties of \$178.7 million; and (4) increases in other foreign taxes of \$231.8 million. Working to achieve more effective compliance. International began studies to determine levels of compliance, while identifying areas of noncompliance for education and enforcement activity. Direction was aimed primarily at multinational corporations, particularly in the areas of correct payments of U.S. income tax by foreign-controlled corporations, industry-wide pricing, and transfer pricing transactions.

International administers 36 income tax treaties. 16 estate tax treaties and 7 gift tax treaties worldwide. International also works in a technical advisory capacity with the International Tax Counsel, Department of the Treasury, in negotiating new treaties. These treaties provide for exchanges of information, simultaneous examinations, relief from double taxation, and routine sharing of information returns. In 1988. International successfully completed negotiations in 45 cases for U.S. taxpayers who requested relief from double taxation and honored 605 requests for information from treaty partners.

International also coordinated exchanges of information and cooperative assistance agreements with state governments within the United States, participating actively in the Federation of Tax Administrators (FTA), formerly the National Association of Tax Administrators (NATA). Tele-Tax, Volunteer Income Tax Assistance, Volunteer Tax Counseling for the Elderly, and Outreach taxpayer assistance programs benefited from collaboration between state tax administrators and IRS. This effort made "one-stop shopping" for federal and state forms and efficient sharing of resources possible.

International executives attended meetings of such organizations as the Group of Four, the Pacific Association of Tax Administrators (PATA), and the Organization for Economic Coöperation and Development (OECD), exchanging views on cooperative measures, compliance problems, and tax issues.

IRS International also provides technical and administrative help to foreign governments wanting to improve their tax systems. During 1988, International helped 12 countries modernize and strengthen their tax systems. Assistance ranged from developing compliance measures and training technical personnel to developing new methods

In 1988, International taxpayer assistance nearly doubled to scheduled taxpayer service visits to t.C. embassics and consular to— following within 70 countries—including about 300,000 C.C. taxpayers living abroad and in U.S. territories and possessions.

for effective tax systems management. As a member of the Inter-American Center of Tax Administrators (CIAT). International exchanges ideas, arranges study programs, and advises on techniques and technologies to accomplish tax administration program objectives. International is also responsible for resolving difficulties arising from the application of United States tax laws with Puerto Rico. American Samoa, and the United States Virgin Islands' Department of Finance.

Research and compliance studies are underway, not only to detect areas of noncompliance, but also to identify groups of taxpayers so that assistance programs can be more precisely targeted to their specific needs. IRS expects that assistance and education efforts, coupled with research and program development, will improve compliance worldwide.

Plans for 1989 will move International forward in continuing system improvements for returns processing, expanding face-to-face taxpayer assistance to overseas countries, developing and executing special compliance projects, and enhancing examiners' expertise in international issues.

Foreign Tax Return Project Team

This project team analyzes all aspects of foreign tax return processing and provides assistance to the Assistant Commissioner for International in the implementation of legislative changes of foreign tax laws. Significant progress was made by the project team in the first year of operation by ending the policy of frozen refund accounts. The interest savings (avoidance) for tax year 1987 (latest data available) was \$3,180,755 through July 31. Another significant savings was realized when the project team made changes to standardize the foreign entity data. These changes will reduce the undeliverable rate of the International tax return packages from about 25 percent to two percent. The overall projected savings in undelivered or destroyed tax packages because of the new processing procedures will result in an annual savings of \$160.632 or a five-year savings of \$803,160. The project team is also working on several other fiscal and quality improvement processes.

Employee Plans

The Employee Plans function enforces the tax laws governing pension plans by issuing letters determining whether a pian qualifies under the law, examining returns to ensure that plans are complying with the law, and publishing rulings to clarify the law. During 1988, IRS issued 151,917 of these letters and examined 20 543 returns.

Employee Plans developed a series of plain language documents, model plan language, and a determination letter program to help plan sponsors update plans to comply with the pre-1989 provisions of the Tax Reform Act of 1986 (TRA 86). The function also developed regulations to modify Internal Revenue Code Section 401(k), dealing with cash or deferred arrangements, and Section 414, dealing with affiliated service groups, to conform to TRA 86 provisions. The staff in Employee Plans prepared various revenue rulings, revenue procedures, notices and announcements and participated with, and spoke before, practitioner groups to provide information on TRA 86.

Revenue Procedure 88–8 announced procedures for user fees. Effective in 1988, the IRS began collecting user fees from organizations seeking tax exempt recognition and employee plan sponsors seeking determination of qualification for favorable tax treatment before issuing certain rulings and determination letters.

The Tax Forms Coordinating Committee and the Department of Labor are considering the implementation of an Employee Plans proposal to have the Annual Return/ Report of Employee Benefit Plans redesigned to include pre-printed plan identifying information from the Employee Plans Master File. This innovation reduces the tax-payers' burden by eliminating the need for them to report plan information that does not change from year to year. It is also expected to expedite and increase the accuracy of the processing of these returns.

Exempt Organizations

The Exempt Organizations function enforces the tax laws governing exempt organizations and private foundations by issuing letters determining whether an organization qualifies for exemption under the law, examining returns to ensure that organizations are complying with the law, and publishing rulings to clarify the law. During 1988, IRS disposed of 58,301 applications for exemption and examined 11,907 returns.

The function established procedures for coordinating information on examinations and other activity about evangelistic organizations and related entities. This was done to help ensure that IRS actions to administer tax laws applicable to evangelistic organizations are administered consistently, without interfering with the constitutionally protected free exercise of religion, and to allow the IRS to respond to congressional requests for information.

There were several developments in the unrelated business income area, including a new taxpayer compliance measurement program of exempt organization business income tax returns. Approximately 3,000 randomly selected returns are being examined. Information gathered will measure compliance in the unrelated business income area and will be used to develop a discriminate function formula to select returns for examination.

In March 1988, following 1987 hearings and after considering extensive materials provided by the IRS and Department of the Treasury, the Oversight Subcommittee of the House Ways and Means Committee announced the release of discussion options that would affect the taxation of unrelated business income. Government agencies and organizations representing the non-profit sector and the business community submitted about 400 comments. Additional hearings were held in May to supplement the written comment process. The chairman, at the conclusion of the hearings, stated that the Subcommittee would continue to study the area and soon make recommendations to the full Committee.

The House Small Business Committee held hearings in June on competition by non-profit organizations and government entities with small businesses. At the end of the hearings, the chairman said that the Committee would not address the problem of competition this year, but that it should be a priority item for the House Small Business Committee in 1989.

EP/EO Automated Examination System

The Automated Examination System in Employee Plans/ Exempt Organizations (EP/EO) is a major project to replace most of the manual operations now used to conduct EP/EO examinations. Technicians are now designing workcenters to handle automated workpapers, reports, tax computations, and correspondence. Two sites are designated to test an Employee Plans workcenter and an Exempt Organizations workcenter. Field employees and project developers have received laptop computers.

The Employee Plans function issued 151,917 letters determining whether a pension plan qualified under the law, and examined 20,543 returns to ensure that plans complied with the law.

EP/EO Base Inventory Master File System

A new Base Inventory Master File System provides Employee Plans/Exempt Organizations personnel with an online means of accessing data and producing tables. In the examination program the system provides the capability to do analyses of grade of case/grade of revenue agent and to uncover case examination patterns through trend analyses. The system substantially improves IRS ability to access data and produce work plan versus actual examination tables and base inventory and status of inventory tables throughout the nation.

Interagency Agreement on Employee . Plans

The Department of Labor, Office of Management and Budget and Internal Revenue Service signed an agreement which will allow for significant changes in the processing of employee plans returns. This involves capturing and checking much more data than is now processed. These changes will go into effect in July of 1989 to coincide with the centralized processing of employee plans returns in the Memphis, Andover, Atlanta, and Brookhaven Service Centers.

Child care facilities and equal employment opportunities were two of the employee programs that IRS expanded last year.



Managing the System

Managing the system

IRS Quality Efforts

The IRS continued its renewed emphasis on quality by reaching a landmark joint agreement with the National Treasury Employees Union (NTEU), expanding the quality improvement process to include all IRS employees. Employees can now volunteer to serve on quality improvement teams. Over 500 quality teams are studying various systemic and quality-of-worklife problems within the IRS.

Quality Councils have been or will be established in all districts, service/compliance centers, and in the National Office. At least two representatives from NTEU serve on each council along with members of IRS management.

IRS received recognition and an award from the Office of Management and Budget (OMB) by being one of only three agencies selected as an example for other agencies to use when beginning a quality process. Quality Improvement Projects (OIP) recognized as examples were the Federal Tax Deposit System OIP and the San Francisco District One Stop Account Service OIP. The Commissioner received the award at the first government-wide conference on quality and productivity, sponsored by the President's Council on Management Improvement and OMB.

GAO/IRS Joint Management Review

The general management review, conducted jointly by the General Accounting Office (GAO) and IRS, was completed. The final report recognized some major strides taken by the IRS in recent years, including the successful implementation of the Tax Reform Act of 1986. The report focused on improvements needed in six key areas: management direction to prepare for the future, management of information resources, financial management and accountability, human resources management, providing quality service to the public, and oversight of field operations.

The Commissioner accepted all the recommendations contained in the final report. Given the pressing nature of several of the issues, he has already taken action on many of the recommendations. Plans are also under way for assessing the 1987 reorganization, identified as a key issue, and the Commissioner has invited GAO to participate in that effort. Full implementation of many recommendations, however, will require a sustained commitment from the IRS and the support of the Department of the Treasury, the Office of Management and Budget, and the Congress.

Research

IRS research efforts continue to emphasize voluntary compliance, trend identification, and analysis. An annual conference of researchers, other interested professionals, and IRS personnel discussed the impact of a complex system The result in Mark Method Continue (grown as in Trace) we will be designed in a common or a configuration of the continue of t

of tax administration on taxpayer compliance.

IRS completed a report on the effects of refund offsets for nontax debts on later taxpayer behavior. The analysis showed that taxpayers experiencing offsets in tax year 1985 were more likely to file balance due returns or not to file in 1986, when compared to the general population of refund taxpayers. The report supports the IRS concern that the refund offset program should not be made permanent until further research is completed on long-term compliance effects.

IRS published updated estimates and projections of the "gross" income tax gap (the amount of income tax owed but not voluntarily paid) for individuals and corporations for selected years from 1973 through 1992. Based on the new estimates, which take into account the effects of the Tax Reform Act of 1986 on tax liabilities, the estimated gross income tax gap for 1987 is \$84.9 billion. IRS is also completing an analysis on the "net" tax gap (the amount of income tax owed but not paid either voluntarily) or involuntarily).

One of the IRS primary objectives is to provide high quality service to its customers - the taxpayers. This past year, IRS began conducting taxpayer opinion surveys in its functions that have direct contact with taxpayers to get initial or baseline measurements of taxpayer perceptions about the quality level of IRS customer ser rice. The surveys also ask for suggestions for improving that service. IRS will conduct these surveys periodically to determine how quality improvement projects are affecting the quality of customer service.

Based on a contractor's analysis, IRS released a report on a new method for estimating taxpayer paperwork burden. With this method the IRS can more accurately compute the burden hours associated with preparation and, for the first time, can compute burden hours for the related activities of keeping records, obtaining and learning materials, and filing forms. The estimates of average burden hours will be included in instructions for new tax forms.

IRS continued researching optical scanning and storage of tax returns and data in an effort to reduce paper handling and improve processing capabilities. One example is the scanning of a specialized Form 1040 prepared by practitioners using commercial tax preparation software. This program would function as a front-end interface to the electronic filing system.

Strategic Management System

The Strategic Business Plan (SBP), which contains a comprehensive set of long-range objectives and strategies based on planning assumptions and trends, critical issues, and areas of emphasis identified by the Commissioner, was established as the centerpiece of the IRS strategic management process. It provides a servicewide blueprint showing how the IRS is planning now to continue to serve the public through quality tax administration in the future.

The SBP also integrates three additional components into the IRS strategic management process. First, budget decisions regarding specific projects will be guided by the degree to which the project supports the objectives and strategies contained in the SBP. Second, the objectives and strategies will provide guidance for the formulation of annual work plans for IRS functional areas. Finally, business performance reviews will assess the work performance of each IRS region according to the degree to which the region has accomplished the SBP objectives.

IRS continued refinements to the Strategic Issues Plan for addressing major issues. Initiatives provide a mechanism to analyze and make specific recommendations about program changes. The IRS started several new programs to analyze concerns relating to international tax administration. organizational planning, and improving tax forms and publications. Several programs were completed which strengthen voluntary compliance, improve management information technology, maintain program efficiency and effectiveness, and improve recruitment and retention of employees.

Information Systems Development

IRS recognizes the need to modernize its computer-based tax administration system; it remains one of the most vital issues facing the agency today. The Office of the Assistant Commissioner for Information Systems Development (ISD) was established to plan, oversee, integrate, and coordinate the steps needed to accomplish this servicewide modernization effort. It includes developing a large-scale, agencywide perspective in order to incorporate all the facets of the tax processing system into one compatible and cohesive unit-including those projects already underway to automate specific parts of the system. This effort will increase responsiveness to IRS employees and vastly improve all aspects of customer service. This improvement is needed for IRS to satisfy its customers. In view of new services that are routinely provided by most financial institutions, the agency must make itself capable of providing these same services, in both a timely and efficient manner.

IRS is undergoing this modernization process because the current computer system was based on 1950's technology that restricted modifications by its very design. The number of possible enhancements was limited; after a certain point, no further adjustments could be made without requiring a different system. ISD is trying to prevent this problem in the modernized system by using a structure that is not final or complete. Unlike the current system, the new system must be flexible and easier to modify so that it can be updated periodically without having to change the entire system. To do this, ISD is trying to standardize the components or "building blocks" of the system. If the blocks are basically the same, they can be interchanged or rearranged to form different structures without causing major changes to the functioning of the system as a whole.

ISD emphasizes quality throughout the modernization process. from planning stage to operation stage. The building and testing of prototypes provides two methods of quality control: one, flaws are found and corrected before final installation, at a much smaller price; and two, knowledge of problems and ideas for improvements are gained from participation by those who will actually be using the system. In the planning stage, ISD is making efforts to encourage participation by public groups—the Commissioner's Advisory Group, tax practitioners, and state tax administrators—to ensure that the improvements that are made meet the customers' needs, as well as the needs of the IRS.

Considering the large scope of this undertaking, the IRS finds it economically feasible and timesaving to use business methods, software, and hardware—already developed and proven effective—from the private sector to effect the modernization. To this end, the IRS has already adopted a project management framework composed of a combination of quality planning, project planning, and project management methods, along with the IRS System Development Methodology. This framework will help-plan and track a project's development.

Servicewide standards are being developed giving the modernized system specifications for computers, computer systems, and all forms of automation that are the same nationwide, simplifying repairs, replacement of machinery, and the ordering of supplies. IRS is also trying to initiate strategies to simplify and shorten the acquisition/contracting process so that products of the private sector can be acquired when they are needed, instead of (for really large contracts) 16 months or more down the line.

The focus of the modernization effort is on solving the problems of the current system, to the benefit of both IRS employees and customers. This effort proceeds gradually, addressing certain items immediately and phasing others in through intermediate and long-range plans. Some of the project systems will be permanent improvements: others will provide transitional service as IRS changes from one system to another. This transition time is difficult, but the IRS cannot survive without it. ISD is working closely with Computer Services and Human Resources Management

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and Support, under the guidance and authority of the Information Systems Policy Board, to see this effort through to fruition, so that the IRS may continue to fulfill its mission to the public.

Computer Services

Planning and preparation by Computer Services contributed to the success of the 1988 filling season. Improvements in testing procedures and close coordination with other IRS functions resulted in fewer start up problems than ever before and no major processing problems. Computer Services continued efforts to ensure timely and consistent implementation of all provisions of the Tax Reform Act of 1986.

Computer Services continued work on plans for handling critical operations in the event that any of the processing centers become incapacitated for an extended period. These plans will go into effect if fire, flood, tornado, sabotage, or some other major catastrophe results in substantial damage or long-term disruption of services.

The program to replace the existing IRS data communication processing system and aging computer terminals continued throughout 1988. IRS employees use these computer terminals to research taxpayer accounts. process adjustments, and resolve errors. The new equipment will help employees answer taxpayer inquiries more quickly and accurately.

Inspection

The IRS is largely dependent on the integrity of taxpayers and practitioners in administering our voluntary self-assessment system of taxation. To an even greater extent the IRS is dependent on the integrity of its employees in upholding the Service's reputation for honesty and impartiality.

The elimination and prevention of corruption and fraud by those who would attempt to assault the integrity of the IRS is the responsibility of Inspection's 1.200 employees. Inspection accomplishes its mission by providing internal safeguards for maintaining the highest standards of efficiency, honesty, integrity, and quality for IRS managers and employees.

In 1952, President Harry S. Truman announced "A vigorous inspection service will be established and will be completely independent of the rest of the Bureau." Since that time, inspection has been essential to the Internal Revenue management-control system.

Inspection consists of two divisions, Internal Security and Internal Audit. The Assistant Commissioner for Inspection, with the help of the Internal Audit and Internal Security Divisions, coordinates all field and National

Office operations with the seven regional inspectors.

The Internal Security Division employs 421 criminal investigators whose responsibilities include protecting the Service against outside attempts to corrupt or threaten the more than 123,000 IRS employees. Internal Security's Criminal Misconduct Program includes investigations or allegations of bribery, assaults and threats, employee misconduct, and disclosure violations. The Integrity Program is designed to identify and prevent internal fraud and corruption. The Background Program involves investigations to determine the suitability of applicants for employment with the IRS as well as applicants for enrollment to practice before the IRS.

As a result of Internal Security's bribery awareness program, last year 31 employees in seven regions received awards and recognition from IRS management for their sensitivity to and awareness of bribery attempts. The conviction rate of bribery cases developed by Internal Security has been consistently high. A recent landmark case resulted in the largest attempted bribery payment in IRS history—\$500,000.

The Internal Audit Division conducts independent reviews and appraisals of all functional activities of the IRS. Inspection's 476 internal auditors concentrate on trend analysis, internal controls, management consultation, program evaluation, and problem identification. More than 25 percent of the auditors in Inspection are certified public accountants or certified internal auditors. All internal auditors have varied experience and training in auditing. They conduct various types of audits such as reviews of new or improved electronic data processing systems installed by IRS, and other significant programs and operations. Internal auditors evaluate more than the extent to which rules and regulations are followed. They determine whether adequate internal controls are in place and enforced to protect revenues. Audit tests also evaluate whether IRS treats taxpayers fairly.

Internal Audit issued 88 internal audit reports consisting of 34 national. 17 regional and 37 single office audits. Management's actions taken or planned as a result of Internal Audit recommendations have produced, or have the potential to produce, additional revenue or cost savings of about \$1.6 billion.

Internal Audit's coverage of the IRS implementation of the Tax Reform Act of 1986 placed emphasis on the development and redesign of tax returns, processing procedures, drafting new tax forms and writing filing instructions. Internal Audit reviews of tax reform implementation showed that IRS efforts culminated in a very successful filing season. Internal Audit identified 19 tax reform-related issues where improvements to tax forms, taxpayer instructions, and processing controls resulted in improved compliance and produced additional revenues of \$1.1 billion.

The combined efforts of Internal Audit and Internal Se-

curity focus on programs to prevent and detect fraud. The Internal Audit program includes conducting reviews of internal controls and related transactions susceptible to employee fraud. Internal Security's program consists of tests of high-risk activities where there is potential for corruption that could affect IRS integrity. Internal Security participated in 1,146 integrity presentations to 30,109 new and incumbent employees to raise the employees' consciousness of high standards expected of IRS employees and to provide guidance in the recognition of potential hazards.

Because of the expertise of the Inspection Service, a number of federal, state and foreign agencies have sought its guidance and support. For example, during the recent presidential campaign, 41 inspectors assisted the Secret Service in protecting presidential candidates. Assistance was also provided to the Virgin Islands Tax Department, the country of Liberia. and the Massachusetts Department of Taxation in establishing Inspection offices similar to IRS Inspection.

In its commitment to the responsibility of sustaining the highest degree of integrity within the IRS, the Inspection Service is relentless in its efforts to detect and deter those who would corrupt our system of taxation.

Statistics of Income

Statistics of Income (SOI) contributed to the implementation of tax reform by providing the first income and tax data from individual income tax returns filed under the new law. SOI based this information on a weekly sampling of tax returns as they were received at the 10 service centers from January through April 1988. The results were sent to IRS tax administrators and Department of the Treasury policy makers for their review.

IRS released SOI data covering individual income tax returns for 1986, corporate income tax returns for 1985, and a source book giving more detailed financial data for corporations by industry for 1985. As part of its statistical program, the IRS also published the quarterly "SOI Bulletin," which presents key data in advance of the more comprehensive SOI reports or in place of SOI reports formerly published.

IRS issued the individual income tax model for 1986, a microdata magnetic tape file consisting of selected income, deduction and tax items taken from a random sample of individual income tax returns. This file consists of about 100,000 unidentifiable records representing the 103 million returns filed. The file is primarily used to simulate the administrative and revenue effects of tax law changes.

The SOI Division continued to play a major role in support of IRS renewed emphasis on providing quality service to its customers. SOI provided support services, such as instructing, facilitating and consulting for the quality trainInternal Audii identified 19 tax reform-related issues where improvements to tax forms, texpeyer instructions, and processing control: produced additional revenues of \$1.1 billion.

ing program. The division also helped in several quality improvement projects and played a major role in the IRS effort to measure the quality of telephone responses to taxpayer requests for assistance during the filing season.

Employee Programs

As part of the strategic planning process, IRS expanded its employee benefit programs and recruitment activities to enhance the agency's ability to recruit and retain a quality workforce. New employee counseling programs were started and a first-of-its-kind AIDS educational program was introduced.

The college recruitment program was reinforced with new and innovative products designed to reach potential employees with the message that IRS can be an attractive employer in an increasingly competitive marketplace.

The two-year pilot programs for on-site child care and health improvement proved successful, and in 1988 IRS expanded these programs to centers throughout the Service. Ten child care centers opened this year, with an equal number planned for 1989.

Seven on-site health improvement centers are operational and another 20 programs are operating in IRS offices. Both the health improvement and child care programs are joint cooperative efforts between the IRS and the National Treasury Employees Union.

Employee counseling programs were introduced in four pilot sites and involve state-of-the-art career development, relocation, and financial management programs. IRS was the first major federal agency to start a comprehensive AIDS educational program for managers and information for employees. The IRS AIDS program (also a cooperative effort with the National Treasury Employees Union) has become a model for many federal agencies and for state and foreign governments. Recognizing the impact, on the individual and the workplace, of threats and assaults on IRS employees, the IRS started a Traumatic Incidents Counseling Program. This is designed to provide personal, professional counseling services to employees involved in a threat or assault.

An Eldercare Counseling Program, planned for next year, will provide IRS employees with information and

training on how to find and evaluate quality eldercare services for elderly parents or other dependents.

IRS took several steps this year to improve its recruitment efforts. Products designed to deliver the IRS message to prospective applicants included bold new magazine advertisements, recruitment videos, posters, and brochures. A unique recruitment computer program, designed for specific IRS occupations, provides IRS access to job-seekers through a state-of-the-art medium used only by the most progressive employers. Field offices purchased attractive, image-enhancing mobile displays for use at job fairs and other recruitment-related events.

To make it easier for job applicants to contact IRS, work began this year on a toll-free recruitment telephone number. A new training course for IRS recruiters is ready for testing during the first half of next year, and the first issue of a quarterly newsletter networking device for IRS recruiters is complete. IRS obtained approval from the Office of Personnel Management for direct-hire authority for revenue agents. This is one of IRS' major jobs, and direct hire will make it much easier to recruit for this hard-to-fill occupation.

Executive Succession Planning System

The new Executive Succession Planning System provides IRS with a vehicle to achieve coordinated planning of executive selection, placement and development. Succession planning affords all executives new opportunities to combine personal goals and needs with those of the IRS. This system represents a major step forward for the management of executive resources and keeps IRS in the forefront as an innovator in federal agency management.

Competitive Recruiting and Examining System

The IRS entered into an agreement to implement the Office of Personnel Management's Competitive Recruiting and Examining System (CRES) at all service centers (except Andover) and at the Springfield and Richmond District Offices. CRES gave impressive results in tests at three centers: a 20-25 percent reduction in hours devoted to examining and a 50 percent reduction in the time between testing and interviewing job applicants. CRES significantly streamlines IRS ability to recruit, examine, and hire seasonal workers and is an important part of the filing season recruitment program.

Automated Training System

The IRS Automated Training System (ATS) delivers computer-based training at 169 locations throughout the

country. By the end of 1988, over 100 ATS sites were providing over 25 separate courses, including revenue agent and revenue officer training.

IRS personnel develop ATS courses which are IRS specific in content as well as approach to learning. The major benefits noted have been more independent and individualized learning, lower costs, greater subject matter consistency, increased scheduling flexibility, and more complete records and efficient approach to employee training. These, in turn, are reflected in an enhanced level of service to the public.

Building Management

The IRS has acquired the authority to operate and maintain most buildings housing service centers and computing center operations, thus providing greater in-house capability and flexibility in supporting IRS major tax processing facilities. Approximately 30 percent of the IRS space inventory is now directly managed by IRS employees.

U.S. Government Bankcard

The IRS negotiated an interagency agreement with the Department of Commerce National Bankcard Center, allowing the IRS to participate in a Department of Commerce pilot program which uses a commercial credit card in place of many labor-intensive small purchase methods. The U.S. Government Bankcard is, a unique Mastercard specifically designed for government use. Authorized contracting officers use the bankcard to obtain goods or services that are valued at \$1,000 or less, immediately available, and delivered to a single destination. The use of this card will reduce administrative costs and cut down the time required for the procurement process.

Director of Practice

The Director of Practice administers and enforces regulations governing individuals who represent taxpayers before the Internal Revenue Service. Regulations were issued in 1988 mandating continuing professional education for those enrolled to perform actuarial services under the Employee Retirement Income Security Act of 1974. The rule affects more than 4,000 enrolled actuaries. This follows upon the implementation of a similar program in 1987 for those enrolled to practice before the Internal Revenue Service, a community comprised of over 25,000 practitioners.

The Director of Practice formed a Quality Improvement Project (QIP) team to study powers-of-attorney, as a continued effort to address concerns of tax practitioners. The QIP team is reviewing the forms, instructions and adminis-

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tration of powers of attorney and will make recommendations on each subject. Through this review, the Director of Practice played an integral role in developing a practitioner authorization to be placed on CP 2000 Notices, Proposed Changes to Income or Withholding Tax. The authorization enables the IRS to deal with an individual other than the taxpayer about the subject of the notice in those situations when the taxpayer has authorized it.

In the enforcement area, the Director of Practice took more actions than in any previous year, with 145 disciplinary actions against attorneys, certified public accountants, enrolled agents, enrolled actuaries and others for violations of IRS regulations. These actions included 31 disbarments, 56 suspensions, and 58 reprimands. Thirtytwo actions were the result of formal hearings before an administrative law judge.

Legislative Affairs

The Legislative Affairs Division is responsible for developing IRS legislative proposals; tracking selected pending legislation; reviewing, analyzing and implementing new legislation; and preparing responses to General Accounting Office reports. The Division works with the Commissioner and other IRS executives to prepare them to testify before Congressional committees; provides information to Congress on IRS operations and responds to their questions; and communicates legislative information throughout the IRS.

The Legislative Affairs Division maintained a high level of activity in both the legislative and Congressional oversight areas as a result of the workings of the second session of the 100th Congress.

By the time it adjourned, Congress had passed the following major bills, all of which were signed into law by the President:

- the Treasury Department Appropriations Act for fiscal year 1989, which provided a total of 55.058 billion for IRS. This was the first time since 1979 that the IRS has had its appropriations bill enacted before the beginning of the fiscal year. The 4.1 percent increase for federal employees was in this bill, as was the "last move home" provision for SES officials who are retiring on an immediate annuity and who have been transferred at least once within the previous five years.
- the Technical Corrections and Miscellaneous Revenue Act of 1988 which corrected errors in other legislation.

principally the Tax Reform Act of 1986, extended several expiring provisions and made other miscellaneous tax changes.

- the Taxpayer Bill of Rights, which was a separate title within Technical Corrections.
- the Medicare Catastrophic Coverage Act of 1988 which will use the tax administration system to collect the new supplemental Medicare premium.
- the Disaster Assistance Act of 1988, which provided taxable benefit payments to farmers affected by the summer drought.
- the repeal of the Windfall Profit Tax, which was one provision in the Omnibus Trade and Competitiveness Act
- the Family Support Act of 1988, which reforms the nation's welfare system and makes related changes in tax areas, such as extending the refund offset program, revising the child care credit, and requiring social security numbers for all dependents age two or over.
- the Inspector General Act Amendments, which replace Treasury's administratively-appointed Inspector General with one appointed by the President and alter the relationship between Treasury's Inspector General and the Assistant Commissioner for Inspection.
- the Anti-Drug Abuse Act, which affects IRS as both an employer and tax administrator.
- the Computer Matching and Privacy Protection Act of 1988, which amends the Privacy Act to impose safeguards on computer matches and,
- the Federal Employees' Leave Sharing Act, which extended existing programs and authorized a limited test of a leave "bank" concept.

During Congressional consideration of these bills, Legislative Affairs worked closely with the Department of the Treasury and Congressional staffs to ensure that the tax law changes being considered could be effectively administered by the IRS. Legislative Affairs attended committee markups. represented the IRS at drafting sessions, and provided servicewide comments on draft statutory language and committee reports. The Division also prepared and monitored servicewide plans to implement newly enacted legislation and developed legislative proposals for inclusion in the Administration's legislative program.

Legislative Affairs also provided leadership and staff support on three issues of great legislative interest to the IRS:

Tax Reform Act implementation: The 1988 filing season
was the first one for which all the provisions of the Tax
Reform Act of 1986 were fully in effect. The division
contributed to the success of the filing season by carefully monitoring implementation of the many provisions
of the act.

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IRS expanded its employee benefit programs and recruitment activities, started new employee counseling programs and introduced an AIDS educational program in 1988.

THE TWO PERSONS AND ASSESSMENT

- Study of civil penalties in the Internal Revenue Code: Penalties were an area of great concern in 1988 to Congress and the tax administration community, each of which had its own study of the issue. Legislative Affairs spearheaded the work of the Commissioner's Penalty Study Task Force through its yearlong research and the issuance of its report.
- Creation of Publication 1. Your Rights as a Taxpayer. The division staff chaired the task force which produced this new publication, the first comprehensive yet concise statement of taxpayers' rights ever drafted for the publics use.

Congressional oversight activities also continued at a record pace. The division coordinated preparations (including testimony and briefing materials) and follow-up activities for 27 Congressional hearings: handled a total of 47 General Accounting Office issuances, including preparing replies for the Commissioner when necessary; and received over 10.600 Congressional telephone inquiries and some 8,300 written Congressional inquiries.

Legislative Affairs further expanded its Congressional outreach efforts. A total of 25 mailings, including four Legislative Fact Sheets on a wide variety of tax administration topics, were sent to Members of Congress. The fourth edition of Publication 1273, Guide to file Internal Revenue Service for Congressional Staff, was provided to nearly 2,000 Congressional offices nationwide, as was the fifth annual TAXBOX of tax forms and publications. Division staff also attended 14 district office orientation seminars, presented by IRS districts for their local Congressional counterparts.

Internally, the division issued three Legislative Affairs Updates to IRS executives on subjects of interest, presented two continuing professional education seminars for National Office analysts on "Tax Reform and the 1988 Filing Season Getting Ready," and conducted two seminars for assistant commissioner and chief counsel staffs on "Congressional Communications."

Equal Employment Opportunity

IRS made significant advances in its Equal Employment Opportunity (EEO) Program. The IRS sponsored severál conferences for women and minorities. As a result of these conferences, the IRS adopted Strategic Initiative ERR–16. Minorities and Women Within IRS, to address concerns and enhance efforts in recruiting and retaining minorities and women in the workforce.

Two Hispanic Managers' Conferences were held to provide encouragement and meaningful assistance to Hispanic managers to take advantage of the many career opportunities within the IRS. A Women's Executive Conference was called in response to the need for women executives to share techniques for dealing with issues unique to women and for recognizing the need to clear away any barriers that might impede their personal growth and professional opportunities. A Black Executive Conference addressed issues concerning elevating Black managers to the upper levels of the IRS as well as strengthening the numbers of Black candidates in the lower levels of the IRS.

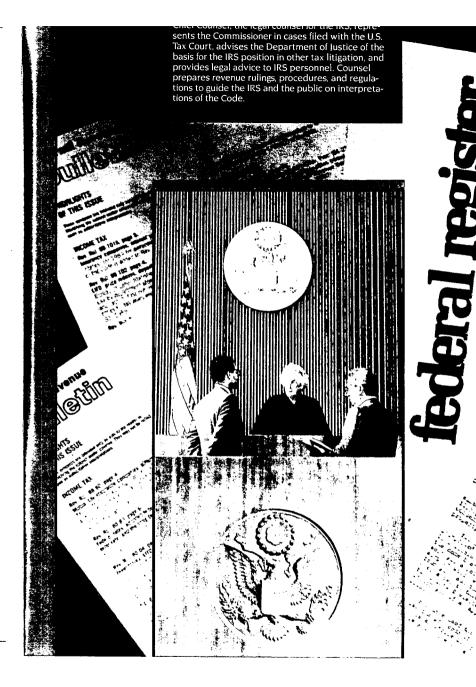
The development and submission of the Multi-Year Affirmative Employment Plan (MYAEP) for 1988–92 provided the organization with the framework for the identification, and the subsequent removal, of barriers at all levels of the workforce.

IRS continued its program with Historically Black Colleges and Universities (HBCUs). An Accounting and Economics Seminar with 30 college professors from HB-CUs was held during the annual conference of the National Association for Equal Opportunity in Higher Education. The IRS increased its faculty program to 12 institutions and set a five-year objective of providing assistance to approximately 20 percent of the HBCUs.

IRS held its first continuing professional education training session for all EEO managers to facilitate their professional growth and development and to promote an understanding of how multicultural growth can improve quality and productivity toward the mission of the IRS through the effective implementation of the MYAEP. Topics included the "Disabled Persons Employment Program," and "Reasonable Accommodations."

One of the highlights of the year was the beginning of the servicewide EEO Hall of Fame Award. It will be an annual award to honor achievements of employees who have made outstanding contributions toward the objectives of the EEO Program. During the first awards program, 11 individuals and one organization were inducted into the EEO Hall of Fame.

Chief Counsel attorneys represent the Internal Revenue Service in cases filed with the U.S. Tax Court. Chief Counsel also prepares revenue rulings, procedures, and regulations.



Tax Reform

A principal challenge facing the Office of Chief Counsel was to provide timely guidance on the Tax Reform Act of 1986. This guidance was primarily provided by the Associate Chief Counsel (Technical and International), with coordination from several other Chief Counsel offices.

The Office issued extensive published guidance interpreting the provisions of the Tax Reform Act. Through public hearings and meetings, the Office actively sought input from practitioners, professional associations, industry groups, and other interested commentators. Based on this input, and help from the administrative functions of the IRS, the Office published 22 final regulations, 39 temporary regulations, and 13 proposed regulations, most of them related to tax reform. The Office also published extensive guidance in nontraditional formats, such as notices and announcements published in the Internal Revenue Bulletin. Reliance on these new formats enabled the Office to provide guidance more quickly than the traditional regulatory process would permit, thus providing taxpayers and practitioners with information needed to comply with the provisions of the 1986 Act.

The Office's role in tax reform implementation extended beyond the publication of technical guidance. The Office also provided informal help to other IRS functions concerning the administrative implementation of the Tax Reform Act. The Office made an effort to provide guidance directly to affected taxpayers by expanding the circumstances in which it would issue private letter rulings relating to Internal Revenue Code sections for which regulations have not yet been adopted. Revenue Procedure 88–18 provides that the IRS will do its best to issue rulings under all Code sections added or amended by the Tax Reform Act of 1986, and the Revenue Act of 1987.

Reorganization of Technical Functions

Another significant undertaking by the Office of Chief Counsel was the reorganization of the Office's technical functions that took effect on October 1. 1988. The five divisions under the Deputy Associate Chief Counsel (Technical) that were previously organized along functional lines were reorganized into five offices based on subject matter, as follows: financial institutions and products, corporate, passthroughs and special industries, income tax and accounting, and employee benefits and exempt organizations. Each office will carry out the full range of technical functions handled by the Office of Chief Counsel, including legislation, regulations, published rulings, technical advice, and private letter rulings.

Chief Counsel made this reorganization to foster subject matter expertise and to simplify administration and management of the technical functions. It is consistent with Statistics through June of 1908 slicer of the 66 percent of the tappayone arm and a thresettements offered under security or a flowest programs announced by Cal. (Counsel, This figure approximate the closing of 29, 169 cases at the commentation (17).)

and expands upon the reorganization during 1988 of the Employee Benefits and Exempt Organizations Division. That division assumed the full range of Chief Counsel technical functions concerning all nonqualified employee benefit, employment tax, employee fringe benefit, and other employer/employee benefit matters. The division continued in its traditional role as legal counsel to the Assistant Commissioner (Employee Plans and Exempt Organizations), thus retaining the technical functions concerning qualified pension plans and exempt organizations.

Revenue Act of 1987

Although providing guidance on the Tax Reform Act of 1986 was Chief Counsel's primary focus, continued legislative activity in the tax area required the Office's extensive participation in the development of the Revenue Act of 1987. Along with staff from the Department of the Treasury and Legislative Affairs Division, IRS attorneys attended committee mark-ups, participated in drafting sessions, and provided comments on draft statutory language and committee reports. This involvement in the legislative process helps identify potential technical and administrative problems that can be corrected before enactment. It also enables the IRS to identify legislative provisions which need early guidance.

One such provision of the Revenue Act of 1987 required the payment of user fees for most requests for rulings received after February I. 1988. The Office published timely guidance on the operation of this new rule in Revenue Procedure 88–8

Litigation

The mission of the Office of Chief Counsel includes furnishing legal advice and representation to the IRS on all matters relating to administration and enforcement of the internal revenue laws. This advice and representation focuses on resolving tax controversies without litigation, when possible, on a basis that is fair and consistent with the laws

Litigation helped prepare Publication 1, advising taxgayers of their rights and remedies under the tax laws and procedures. Litigation also placed emphasis on directing legal services to the largest revenue cases at the earliest possible stage of the case.

Tax Litigation

The number of tax shelter cases increased from 58 percent of the United States Tax Court inventory in 1987 to 62 percent. Eighty-two percent of the tax shelter cases are handled as part of litigation projects. A litigation project is managed by a single attorney, or team of attorneys responsible for developing the litigation position for all investors within the project. This approach enhances consistent treatment for all investors and more efficient settlement or litigation of cases.

IRS announced two major settlement programs to address the backlog of nondocketed tax shelter cases. The purpose of the programs was to close tax shelter cases on an agreed basis at the earliest administrative level. Statistics through June of 1988 showed that 66 percent of the taxpayers accepted the settlements offered under the initiatives program. This figure represents the closing of 29,165 cases at the examination level.

The Employee Plans Litigation Group in the Tax Litigation Division worked closely with the Assistant Commissioner (Employee Plans and Exempt Organizations) in the targeting and development of key issues for litigation. In the last year, there has been significant enforcement success. The group was and will be active in the training and education of Counsel attorneys and employee plans spe-

cialists. In public conferences, the group continues to speak on procedures and significant issues in employee plans litigation.

Special Trial Attorney Program

Special trial attorneys were particularly active and successful in prosecuting the Commissioner's drive against tax shelters, winning some of the largest shelter cases in the inventory. In one case with an estimated \$3 billion to \$5 billion at stake. 8.000 pages of testimony and 1.000 exhibits were presented during a 15-week trial, resulting in a favorable opinion for the Government.

Industry Specialization Program (ISP)

Designated field and national office attorneys advised revenue agents on development and evaluation of evidence and on technical positions for important tax issues found prevalent in major industries. Several cases were designated for litigation of key issues. Counsel created a nationwide automated issue tracking system for docketed cases that enables IRS attorneys anywhere in the country to locate many cases involving particular ISP issues.

General Litigation

The broad protection now available to debtors under the bankruptcy code has tended to increase both-the complexity of issues and the number of bankruptcy cases facing the general litigation attorney. Bankruptcy cases are

Tax Litigation - Refund Suits (In thousands of dollars)

	Distric	District Courts		Claims Court		Total	
Status	Number of cases	Amount in suits'	Number of cases	Amount in suits'	Number of cases	Amount in suits	
Pending Oct. 1, 1987	3,171	\$401,040	1,012	\$958,456	4.183	\$1,359,496	
Received'	646	223,780	82	31,008	728	254 . 788	
Disposed ²	1,138	99,222	265	104,701	1,403	203,923	
Amount not refunded	_	88,827	_	76,088	_	164,915	
Percent not refunded	_	89.5	_	72.7	_	80.9	
Pending Sept. 30, 1988	2,679	525,598	829	884.763	3,508	1,410,361	

¹ Cases in courts of appeals and the Supreme Court are included under the columns representing the court of origin.

Disposals include cases tried, settled and dismissed.
 Amount of taxes, penalties and assessed interest sought as a refund.

That portion of the amount sought as a refund, which was not refunded to the taxpayer.

³ Received statistics are net numbers, i.e., actual number of cases received, plus or minus transfers and adjustments to prior years' receipts.

fast approaching 50 percent of all general litigation case receipts, and major issues such as the tax exempt status of religious organizations, excise tax liability, and qualification of pension plans, together with valuing assets of multinational organizations has helped make bankruptcy practice a much more challenging experience. These complexities and the multifunctional issues that are involved precipitated the formation of a task force to study methods to improve the IRS' ability to effectively deal with these cases.

With the IRS accounts receivable approaching \$55 billion, District Counsel help is now available earlier, while the cases are still pending in the service centers. To provide the highest legal service to the Collection function, each District Counsel, in cooperation with Collection, is reviewing large collection cases and providing legal advice on how best to proceed.

Receipt and Disposal of General Litigation Cases

	Court	Non-court	Total
Pending Oct. 1, 1987	22.663	1.,886	24,549
Received during year	27.693	6,624	34,317
Disposed of	27,888	6,669	34,557
Pending Sept. 30, 1988	22.468	1,841	24,309

Criminal Tax

A variety of projects were undertaken with two similar goals: (1) to improve the working relationship between the Criminal Investigation Division, the Office of Chief Counsel, and the Tax Division of the Department of Justice and, (2) to consider ways of improving the criminal tax system. As a result. Counsel, Criminal Investigation and Justice employees participated in joint training sessions and executive level meetings. They also formed a joint committee which will meet regularly to examine ways to improve the criminal tax system.

Disclosure Litigation

The Disclosure Litigation Division helped with the Government's defense in civil litigation using the disclosure statutes as a basis to challenge several key IRS programs. In

the Lockbox Program, under contract with Treasury and IRS. federal depositary bank employees help in processing estimated federal tax payments by opening estimated tax return vouchers, recording the payments, and depositing, payments to Government accounts before forwarding the vouchers to the IRS service centers for further processing and posting. The system allows quicker access to the funds and reduces the float-time, providing a considerable increase in interest earned on Government deposits. On appeal, the Court upheld the legality of the bank employees access to tax information for processing purposes.

In another significant litigation matter dealing with release of tax information, the U.S. Ninth Circuit Court held that press releases based on return information contained in public court records of judicial tax proceedings were not unauthorized disclosures. The Court held that Congress intended to prohibit the disclosure of confidential tax return information. Once such information is lawfully disclosed in a judicial tax forum, its later disclosure by release does not violate the Internal Revenue Code.

Administrative Appeals

The Appeals organization is responsible for resolving tax controversies, without litigation, on a basis that is fair to both the Government and the taxpayer, and in a way that enhances voluntary compliance and public confidence in the tax system. Appeals officers, located in major cities, met with taxpayers and their representatives and were usually successful in resolving the disputed issues. Appeals closed approximately 93,000 cases, of which 90 percent were agreed.

Consistent with the servicewide emphasis on customer service. Appeals participated in the development of Publication 1. Your Rights as a Taxpayer. The publication provides taxpayers with information explaining their rights at each step of the tax process.

Appeals also has responsibility for providing specialized valuation help throughout IRS and to other government agencies on tax-related fair market value determinations for financial assets, real estate, art objects, and intangible property. The art advisory panel of outside experts considered 2.400 items with claimed values of \$110 million. The panel recommended \$35 million of changes to the value of these items.

The Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) established new unified procedures for auditing certain partnerships and S corporations. As a result, many established procedures used to process pre-TEFRA cases cannot be used. Therefore, Appeals prepared a new handbook as a guide in working cases covered by the TEFRA procedures. Besides the handbook, a TEFRA hotline was established to help Appeals Offices resolve difficult TEFRA questions.



General Legal Services

The General Legal Services Division (GLS) continued to provide legal services to the IRS concerning nontax legal matters. For example, GLS provided legal work for the expanding Refund Offset Program. Under this program, amounts that taxpayers owe other federal agencies and certain debts for child support owed to state governments were collected by offsetting those amounts against federal tax refunds owed the taxpayer. IRS collected considerable sums for the federal agencies participating in the Refund Offset Program, continued the Delinquent Child Support Offset Program for the fifty states, and helped define the Refund Offset Program in several lawsuits. GLS also worked with the Criminal Investigation Division and Treasury in the expanding area of forfeiture to the United States of property involved in violations of the money laundering laws in Title 31 of the United States Code. Most property forfeited was narcotics related.

The GLS division director is the designated agency ethics official. Advisory ethics opinions on application of the conflict of interest laws and other federal standards of conduct were provided to management and present and former IRS employees to maintain the highest standards of integrity in tax administration.

Automated Systems Environment

Chief Counsel began development of the Counsel Automated Systems Environment (CASE), a comprehensive distributed information system which uses automated legal research, case and issue tracking, and decision support systems to increase attorney productivity. For example, online electronic research will be expanded, using laser disk technology to reduce the cost of information storage. CASE will enable Counsel to reduce the backlog of tax court cases and provide faster service to taxpayers without reducing quality.

Requests for Tax Rulings and Technical Advice (closings)¹

	Total	Taxpayers' requests	Field requests
Total	24,827	24.699	128
Administrative provisions	137	124	13
Changes in accounting methods	4,242	4.242	_
Changes in accounting periods	13.285	13.285	_
Earnings and profits and determinations	1,795	1,795	
Employment and self- employment taxes	1,167	1.156	11
Estate and gift taxes	425	372	53
Excise taxes	162	135	27
Individual income tax matters	1,616	1,592	24
Corporation tax matters	1,998	1.998	_

¹ Includes data from Corporation Tax Division, Individual Tax Division, and Employee Benefits and Exempt Organizations Division.

Revenue Ruling and Revenue Procedures Published¹

Type	Number
Administrative	18
Employment taxes	2
Estate and gift taxes	10
Excise taxes	6
Exempt organizations	ī
Income taxes	221
Employee plans	7
Tax conventions	6
Total	271

¹ Includes data from Corporation Tax Division, Individual Tax Division, and Employee Benefits and Exempt Organizations Division.

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Regional Offices Caseload Report - All Cases

Region	Pending Oct. 1, 1987	Received ¹	Disposed	Pending Sept. 30, 1988
North-Atlantic	17,150	9,627	10,771	16.006
Mid-Atlantic	14,247	7.151	8,712	12,686
Southeast	11,256	8,782	10,476	9.562
Central	11.103	7,599	8,141	10,561
Midwest	11,718	7.247	8,212	10,753
Southwest	17,297	13,142	14,896	15,543
Western	44.971	18,774	29,387	34,358
Total regions	127,742	72.322	90,595	109,469
National Office	3,202	5.651	4,457	4.396
International	532	786	703	615
Grand total	131,476	78,759	95,755	114,480

Received statistics are net numbers, i.e., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.

Trial Court Case Record (Opinions rendered - refund litigation)

		Claims Court		District Court		Total	
Action		1987	1988	1987	1988	1987	1988
Decided in favor	Number	69	156	325	318	394	474
of the government	Percent	85.2	93.4	80.4	81.5	81.2	85.1
Decided in favor	Number	9	4	68	59	77	63
of the taxpayer	Percent	11.1	2.4	16.8	15.1	15.9	11.3
Decided partially for taxpayer and partially	Number	3	7	11	13	14	20
for the government	Percent	3.7	4.2	2.7	3.4	2.9	3.6
Total opinions		81	167	404	390	485	557

United States Tax Court Cases¹ (in thousands of dollars)

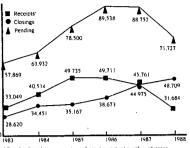
		All Tax Court Case	es		Small Tax Cases	
		Taxes and	penalties		Taxes and	penalties
	Number of cases	ln dispute	Deter- mined	Number of cases	In dispute	Deter- mined
Pending Oct. 1, 1987	87,816	\$21,873,436		13,788	\$47,6623	
Received	31,6672	4,600,7032		12,249²	37,714	
Disposed	48,668	4,342,417	\$1,301,175	14.731	46,623	\$20,454
Pending Sept. 30, 1988	70,815	22.131.722		11,306	38,753	

Receipt and Disposal of Criminal Tax Matters

Prosecution cases received from Criminal Investigation

Total opened	3,044
Total closed ¹	3,633
Counsel declined	57
Department of Justice declined ²	220
U.S. Attorney declined ²	435
Prosecutions completed	2,921

Tax Litigation Workload (Tax Court cases and cases on appeal)



¹ Received statistics are net numbers, i.e., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.

Appellate Court Case Record¹

		Courts of Appeals		Supreme Court		
Action		1987	1988	1987	1988	
Decided in favor	Number	332	222	5	2	
of the government	Percent	85.3	75.8	83.3	66.7	
Decided in favor	Number	. 45	51	1	1	
of the taxpayer	Percent	11.6	17.4	16.7	33.3	
Decided partially for taxpayer and partially	Number	12	20		_	
for the government	Percent	3.1	6.8			
Total opinions		389	293	6	3	

¹ Refund suits and tax court cases.

United States Tax Court - Opinions

		Summary & small tax case bench opinions		regular	shed, indum & bench iions	Total	
Prevailing party (by decision line)		1987	1988	1987	1988	1987	1988
Decided in favor	Number	240	182	285	324	525	506
of the government	Percent	50.3	45.8	31.6	36.7	38.1	39.5
Decided in favor	Number	22	20	50	40	72	60
of the taxpayer	Percent	4.6	5.0	5.5	4.5	5.2	4.7
Devided Bulletin	Number	204	186	461	384	665	570
Decided—Rule 155	Percent	42.8	46.9	51.1	43.4	48.2	44.5
	Number	11	9	106	136	117	145
Miscellaneous	Percent	2.3	2.3	11.8	15.4	8.5	11.3
Total opinions		477	397	902	884	1,379	1,281

Excludes declaratory judgment cases.
Received statistics are net numbers, i.e., actual number of cases received, plus or minus transfers and adjustments to prior years' receipts.
Adjusted to correct error in inventory pending Sept. 30, 1987, as shown in the 1987 report.

Includes both administrative and grand jury cases.
Includes declinations based solely on "prosecutorial discretion."

STATISTICAL TABLES

Table 1.—Internal revenue collections by sources and by internal revenue regions and districts, states and other areas

Table 2.—Table deleted in 1988. Information on internal revenue collections by sources now available in fourth quarter Internal Revenue Report of Excise Taxes

Table 3.—Internal revenue collections by principal sources

Table 4.—Amount of internal revenue refunds including interest

Table 5.—Number of internal revenue refunds issued

Table 6.—Number of returns filed

Table 7.—Returns filed, examination coverage and results (1988)

Table 8.—Returns filed, examination coverage and results (1987)

Table 9.—Additional tax and penalties recommended after examination by class of tax and by internal revenue regions and districts and other areas

Table 10.—Number of returns examined by class of tax and by internal revenue regions, districts, and other areas

Table 10A.—Information returns and other correction programs

Table 11.—Returns examined by examination divisions

Table 12.—Examinations resulting in refunds (excluding claims for refunds)

Table 13.-Results of collection activity

Table 14.—Civil penalties assessed and abated

tions Table 15.—Appeals workload not before the tax court (nondocketed)

Table 16.—Appeals workload petitioned to the tax court (docketed)

Table 17.—Requests for employee plans/exempt organizations tax rulings and technical advice (closings)

Table 18.—Determination letters issued on employee retirement income security act employee benefit plans

Table 19.—Number of exempt organizations returns examined by type

Table 20.—Number of active entities on exempt organizations master file

Table 21.—Disposal of exempt organizations applications

Table 22.—Internal revenue collections, costs, employees, and U.S. population

Table 23.—Costs incurred by the Internal Revenue Service by activity

Table 24.—Costs incurred by the Internal Revenue Service by office

Table 25.-Personnel summary

Table 26.—Chief Counsel cases received

Table 27.—Chief Counsel receipt and disposal of cases

Table I. — Internal revenue collections by sources and by internal revenue regions and districts, states and other areas (in thousands of dollars)

Tender Continued Continu	••				todividual is	ncome and emplo	yment taxes				
Understructure:	ingle districts indicated in parentheses; totals	revenue collections	income tax 2, 3		not withheld and SECA A 5 6	withheld and FICA 4. 7	retirement B	insurance 9	tax 10	tax 10	Excisa taxes 11 (10)
Understructure:	United States, total	935,106,594	109,682,554	791,705,556	149,889,222	631,371,559	4,265,775	6,178,000	7.348,679	435,766	25,934,040
Understructure:	Athany (See (d) below)	165,239,962 9 910 847	21,440,551 1 042 220	140,537,897 8,795,650	26,060,750 1.053,257	113,405,232 7,699,295	245,443 166	825,472 42,931	29 664	20,574 1,468	1,785,528 41,846
Interistribude	Augusta(Maine)	2,909,082	215,590	2,615,448	623.989	1 066 266	4,667	20.525	25,730	533	51.781
Indicate transport 3,859,466 613,263 3,117,019 - 2,883,505 39,514 194,000 - 122 (Gasdine, bibricating oil and occass FICA 973,147 88,043 875,104 875,104	Boston (Massachusetis)	29,374,759 18 027 362	1 018 471	25,984,743 16,710,822	5,066,573 4,752,898	20,717,323	15,188 88,216	165,659 106,004	134.067	(3.845)	467.784 167.84
Indistributed:	Buffalo(See (d) below)	12,934,188	1.300.132		1.748.500	9.528.957	20.664	85 567	67,932	4,199	178,238
Indistributed:	Burlington(Vermont)	1,429,292	131,624 2 982 840	1,270,420	312,923	941,502 15.637.723	420	54 789	5,805 195,864	8.686	20,488 251,324
Indicate transport 3,859,466 613,263 3,117,019 - 2,883,505 39,514 194,000 - 122 (Gasdine, bibricating oil and occass FICA 973,147 88,043 875,104 875,104	Manhattan(See (d) below)	60,520,535	11,479,158	47,819,126	7,476,215	39,968,835	101,131	272.945	697,717	(7,173)	531,690
Indistributed:	Portsmouth(New Hampshire)	3,641,465 1,705,705	219,152 389 094	3,365,434	642,887 618 114	2,492,069 2,689,557	7,158 1,896	23,321 24,674		330	31,62 42,90
Indistributed:	Ald-Atlantic Region	143,897,518	15,099,498	123.361.406	21.103.744	100,153,118	1,145,988	978 856	911,491	60,324	3,455,79
Indistributed:	Baltimore(Maryland & D.C.)	29,967,415	2,348,259 4,618,312	26,853,167 37,425,852	3.716,964 6.792 AOR	22,800,278 30.423.738	229,409 46,967	106,516 162,740	166,282 238,790	15,000	583,70 1,368,69
Interior face deposits** 3 ,59,486	Philadelphia(See (f) below)	31,007,115	3,419,682	26,545,230	4,788,292	20.955.899	428,863	372,176	225,817	24.883	791.50
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Pittsburgh(See (f) below)	10 322 560	2,022,239	12,322,345	1,9/9.68/ 3.418.994	10,129,256		181,686 113,722	156 099	12 372	272,63 353,24
Interior face deposits** 3 ,59,486	Wilmington (Delaware)	5.227.664	1 751 151	3.354.809	407 398	2.925.645	49	21.717	21,460	4.223	96.02
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	outheasi Region	123,262,219	12,327,052	106,571,175	23,540,550	81,635,445 13 589 478	672,651 3,051	722,528	1,184,733	71,231 6.612	3.108,02 830,58
Interior face deposits** 3 ,59,486	Birmingham (Alabama)	9,011,394	795,483	7,925,343	1,443,387	6,418,957	2,945	60.054	58.978	5,866	225.72
Interior face deposits** 3 ,59,486	Columbia (South Carolina)	7,103,718	643,119	6.281.568	1,182,184	5,045,512	854	53,038	38,956		
Interior face deposits** 3 ,59,486	Greensboro(North Carolina)	18,226,567	2.189.766	15,487,528	2,816,157	12,537,328		132.940	98,674	3.549	461.58 447.05
Indistributed:	Jackson (Mississippi)	3,932,743	289 535	3.477.964	767.198	2.672.089	8,698	29.980	39,205	2.013	124,02 201,08
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Jacksonville (See (b) below) (Arkanses)	18,515,359 5 040 515	602 663	4 162 248	3.556.445 825.279	3 293 750	3,685	39.534	25,967	1,661	247,97
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Nashville(Tennessee)	13,777,348	1 328 940	12,021,004	2,142,618	9,811,759	7,944	58,683	113,783	16,089	297,53
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	New Orleans(Louisiana)	8.362.902	702,642	07 658 546	1,603,045			56,278 675 396	67,336 541 863		135,89 2,668,89
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Cincinnato(See (e) below)	16,858,945	2.615.767	14,034,533	2 243 866	11.755.855	549	34,264	92,614	5.092	120 93
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Cleveland(See (e) below)	25,665,007	2.834.017	21,409,314	3.027.935	18,209,845	19,634	151,900	147,673	20.394	1,253,60 431,40
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Indianandis (Indiana)		1,398,021	16.799.691	2.392.647	14.304.405	12.679	89.960	84.378	10.721	314.76
### ##################################	Louisville(Kentucky)	8,059,183	959,101	6.608.109	1,418,866	5.133.946	4,870	50.427	49,540	5,949	436.48
### ##################################	Parkersburg (West Virginia)	3,077,728	162,609	2,770,604	531,5/8 18,713,288	2,219,209 R9 271 671	1 212 272	19,481 686 028	30.192 754 645	2.641 47 270	111.68 3.501,38
### ##################################	Aberdeen(South Dakota)	1.384.061	93.472	1,247,796	352 006	B85,477	2 237	8,077	3.555	24	39,21
### ##################################	Chicago(See (c) below)	48.062,110	8,142,698	38,122,821	6.884.231	30,730,683	281,791	226,115	267,005 56 847		1,507,24 146,90
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Farno (North Dakuta)	1.299.027	64,244	1,193,511	327,641	858.626	448	6.796	6.117	31	35,12
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Helena(Montana)	1,582,305	109,304	1,415,174	362.523	1,035,871	8.093	8.687			42.70 247.70
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Omaha (Nehraska)	5 356 499	1,793,528 553,231	4.627.958	842.531	3,409,843	346.755	28.830	29,744	1,624	143 94
Interior face deposits** 3 ,59,486	St. Louis(Missouri)	22,495,321	3,404,249	18 238 087	2.654.709	15 441 648	17,775	121,958	142,278	6.382	704.32 498.15
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	St. Paul(Mmnesota)	20,953,509	1 198 044	17,764,041 R 329 474	2,374,803 1,374,850	6 898 89 6		44 811	57 038	929	136.06
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	outhwest Region	102,217,260	9 174 REA	84.163.050	17,395,158	65.884.756	380,612	518,524	629 678	62,226	7.988.42
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Albuquerque(New Mexico)	2 660 065	137,993	2,414,714	524,964	1,872,162	230 5 201	17,358	27,931	12 110	78,92 418,20
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Chevenne (Wyoming)	993 836	35.605	850,687	248,816	596,546	23	5.492	7,517	3,525	96,30 1,732,09
Interior face deposits** 3 ,59,486	Daltas(See (g) below)	25,901,425	2,872.398	21.072.606	4,526,542	16,360,844		150,196		17,444	1,732,09
### ##################################	Houston (See (a) below)	19.704.082	2.524.783	17 240 066	2,628.554		8,061	91.243	113.867	9.583	266,87 3,806,78
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Oklahoma City(Oklahoma)	8.764,005	771.905	6,880.031	1,371,619	5.463.441		44,169	68,407	5.028	1,038.63
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Salt (ake City (Litah)		391,524	3.016.589	568.049		2,336	24,141	30.961	748	140,20
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Wichita(Kansas)	7 711 606	699,963	6,675,980	1.448.783	4,887,330	294,334	45,533	58,895		275,22
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Austern Region	143,303,611	16,484,060 78,582	122,039,123	336 282	1.091.139	586	705,632 8.480		161	32 22
### ##################################	Boise (idaho)	2,571,286	288,374	2.232.429	381,648	1,711,315	122,416	17,051	9,979	168	40,33
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Honolulu (Hawaii)	3,310,750	333,528	2,890,569	589,415 5,735,651	2,180,900	693	20,255 138,748	223,736	30 137	48,49 195,04
### settles/functions 3,859,486 613,263 3,117,019 - 2,883,506 39,514 194,000 - 122	Las Vegas(Nevada)	3 506 421	337 938	3.082,817	875.368	2 182 873	11	24 554	43.982	1,197	40.48
### ##################################	Los Angeles (See (a) below)	36,813,424	4,396,713	30,845,150	6,456,510 1,406,008	24.169,135		. 209,438	431,469		1,121,49
### ##################################	Sacramento(See (a) below)	10,292,298	530,292	9.531.514	3.149.606	6.317.593	1.516	62,600	101 203	17 652	111.63
### ##################################	San Francisco(See (a) below)	21,197,789	4,080.579	15.819.158	2,854,860	12.622.487		11.633	254,920	19,442	1,023,69
### ##################################	San Jose (See (a) below)	16,962,031	2.340.987	13,549,045	2.758.448	10,682,889	1,357	96,352	75,476	9,926	253,32 234,21 58,48
### ##################################	ternational	5,109,263	1.088.443	3,923,938	781,672	3 080 376	9,990	51,900	37,768	624	58,48
### ##################################	Puerto HICO	1,474,558 3,634,784	87,085 1,001,359			1,820,889	9.990	21.233 24.668	37,245	604	19,71 38,76
Federal tax deponds 17		-,	.,,								
Totats for dates and shown above (a) California 108.332.486 12.228.874 92.090.778 21.831.829 69.401.861 333.806 522.452 1.209.164 98.485 2.705 (b) Flordia 30.805.943 2.300.070 31.69.83 9.865.716 22.477.852 641.676 175.862 575.537 26.575 (c) Lamons 57.180.509 9.3407.74 46.552.29 6.200.00 18.000.	REISTRUMES: Federal tax denosits ¹²	3.859.486	613,263	3,117,019	_	2,883,505	39,514	194,000	_	_	129,20
Totats for dates and shown above (a) California 108.332.486 12.228.874 92.090.778 21.831.829 69.401.861 333.806 522.452 1.209.164 98.485 2.705 (b) Flordia 30.805.943 2.300.070 31.69.83 9.865.716 22.477.852 641.676 175.862 575.537 26.575 (c) Lamons 57.180.509 9.3407.74 46.552.29 6.200.00 18.000.	Gasoline, lubricating oil and excess FICA				975 401						
Totats for dates and shown above (a) California 108.332.486 12.228.874 92.090.778 21.831.829 69.401.861 333.806 522.452 1.209.164 98.485 2.705 (b) Flordia 30.805.943 2.300.070 31.69.83 9.865.716 22.477.852 641.676 175.862 575.537 26.575 (c) Lamons 57.180.509 9.3407.74 46.552.29 6.200.00 18.000.	Clearing account for excise taxes—suistion had	973,147	98.043	875,104	8/5,104	-	_	-	-	-	-
Totats for dates and shown above (a) California 108.332.486 12.228.874 92.090.778 21.831.829 69.401.861 333.806 522.452 1.209.164 98.485 2.705 (b) Flordia 36.855.983 2.300.070 31.06.823 9.855.716 22.77.8572 641.675 175.862 575.537 26.575 (c) Lamons 57.185.50 9.940.77 46.45.229 8.855.716 22.77.8572 641.675 175.862 575.537 26.575 (d) New York 10.000.000.000.000.000.000.000.000.000.	and oil—Air Force and Navy		_				-	_	-	_	17
Totata for cates not shown above (a) Calsfornia 106.332.486 12.228.674 82.090.776 21.831.829 69.401.861 333.606 522.452 1.209.164 89.485 2.701.00 foreira 30.805.983 93.007 48.45.22.80 69.401.861 333.606 522.475 25.201.801.801.801.801.801.801.801.801.801.8	Presidential election campaign fund ¹⁴	33,422		33.422 118 990	-	33,422 118,990	-	=	_	_	
Totals for states not shown shows (a) Casterina	Other®	(383,247)	=	(597,373)	(695,438)	(840,699)	_	938,764	214,126	-	-
(c) Immos		wn above									
(c) Ilmonas . 57 (26),5651 9,340,742 46,452,295 8,259,081 37,629,579 227,708 270,925 324,043 23,287 1,644,610 139,392,392 1,43,399 08,4792,926 15,150,30,870 6,856,0792 210,176 507,448 923,390 15,359) 911 (e) Ilmon . 42,531,933 5,448,744 354,43,847 5,27,1800 29,955,599 20,183 16,165 240,287 25,485 1,376 (e) Ilmon . 42,531,933 5,448,744 354,43,847 5,27,1800 29,955,599 20,183 16,165 240,287 25,485 1,376 (e) Ilmon . 42,531,933 5,448,744 354,43,847 5,27,1800 29,955,599 20,183 16,165 240,287 25,485 1,376 (e) Ilmon . 42,531,933 6,448,744 354,43,847 5,27,1800 29,955,599 20,183 16,165 240,287 25,485 1,376 (e) Ilmon . 42,531,933 6,448,744 354,43,847 5,27,1800 29,955,599 20,183 16,165 152 240,287 25,485 1,376	(a) California	108 332 486	12,228,874	92,090,778	21,831,829	69,401,861		523,482	1,209,164		2,705,18
(d) New York . 101.392.932 14,839.990 84.709.286 15,030,870 68,960,792 210,176 507,448 929,380 (5,350) 91 (e) Onto . 42,333,953 5,449,784 35,443,847 5,271,800 29,965,599 20,183 186,165 240,287 25,486 13,77 (f) Pennsylvania . 45,732,077 5,441,921 38,867,575 6,767,890 31,085,155 460,579 533,861 328,860 29,577 1,06	(b) Florida	35,805,983	2,380,020	33,160,893	9,865,716	22.477.622	641,672	175,882	575.524	26,875	662.67
(e) Unio 42,533,953 5,449,764 3,543,847 3,771,000 29,909,059 40,103 100,105 244,667 23,400 13,771,0	(c) Ilinois	57,783,661 101 392 932	9,340,742 14,839,990	45,452,295 84,709,286	8,259,081 15,030,870	37,629,579 68,960,792	292,708 210,176	270,926 507,448	324,043 929,380	(5.35m	1,643,31- 919,62
(f) Penrisylvania 45,732,072 5,441,921 38,867,575 6,767,980 31,085,155 460,579 553,861 328,860 29,577 1,06-	(e) Ohio	42.533.953	5 449 784	35 443 847	5.271.800	29.965.699	20.183	186,165	240,287	25,486	1.374.548
(0) Terror 57 570 171 5 (658 172 45 (180 478 9 565 686 35 197 592 48 386 768 764 444 340 30 137 5 95	(f) Pennsylvania	45,732,072 57,579,171	5,441,921 6,058,172	38.867.575 45.080.428	6,767,980 9,565,686	31,065,155 35,197,592	460.579 48.386	553.861 268.764	328,860 444,349	29,577 39,137	1,064,138 5,957,085

Table 1 — Columns 11 through 29 were deleted in 1988. Information on manufacturers' excise taxes, retailers' and special fuel taxes, and miscellaneous excise taxes is now available in the fourth quarter Internal Revenue Report of Excise Taxes.

Table 2. — Table was deleted in 1988. Information on internal revenue collections by sources is now available in the fourth quarter Internal Revenue Report of Excise Taxes

Table 3. — Internal revenue collections by principal sources (in thousands of dollars)

			income and profits taxes				
iscal year	Total internal revenue collections (1)	Total (2)	Corporation income and profits taxes (3)	individual income laxes (4)	Employment bres (5)	Estate and gift taxes (6)	Excluse texes (7
1961	94.401.086	67,917,941	21,764,940	46,153,001	12.502,451	1,916.392	12,064,302
	99.440.839	71,945,305	21,295,711	50,649,594	12.708,171	2,035.187	12,752,176
	105.925.395	75,323,714	22,336,134	52,987,581	15.004,486	2,187.457	13,409,733
	112.250.257	78,891,218	24,300,863	54,590,354	17.002,504	2,416.303	13,950,233
	114.434.634	79,792,016	26,131,334	53,660,683	17,104,306	2,745.532	14,792,779
1966	128.879.961	92,131,794	30,834,243	61.297,552	20,256,133	3,093,922	13,398,112
	148.374.815	104,288,420	34,917,825	69.370,595	26,958,241	3,014,406	14,113,744
	153,636.838	108,148,565	29,896,520	78.252,045	28,065,898	3,081,979	14,320,398
	187,919,560	135,778,052	38,337,646	97.440,406	33,068,657	3,530,065	15,542,78
	195,722,096	138,688,568	35,036,983	103,651,585	37,449,188	3,680,076	15,904,26
1971	191.647.198	131,072,374	30,319,953	100,752,421	39,918,690	3,784,283	16,871,85
1972	209.855,737	143,804,732	34,925,546	108,879,186	43,714,001	5,489,969	16,847,03
1973	237,787,204	164,157,315	39,045,309	125,112,006	52,081,709	4,975,862	16,572,31
1974	268.952,254	184,648,094	41,744,444	142,903,650	62,093,632	5,100,675	17,109,85
1975	293,822,726	202,146,097	45,746,660	156,399,437	70,140,809	4,688,079	16,847,74
1976	302.519,792	205.751,753	46,782,956	158,968,797	74,202,853	5,307,466	17,399,11
1976 (TO)*	75.462,780	49.567,484	9,808,905	39,758,579	19,892,041	1,485,247	4,518,00
1977	358,139,417	246.805,067	60,049,804	186,755,263	86,076,316	7,425,325	17,632,70
1978	399,776,389	278,48,289	65,380,145	213,058,144	97,291,653	5,381,499	18,664,94
1978	460,412,185	322,993,733	71,447,876	251,545,857	112,849,874	5,519,074	19,049,50
1980	519,375,273	359,927,392	72,379,610	287,547,782	128,330,480	6,498,381	24,619,02
1981	606,799,103	406,583,302	73,733,156	332,850,146	152,885,816	6.910.386	40,419,59
1982	632,240,506	418,599,768	55,990,832	352,608,936	168,717,936	8.143.373	36,779,42
1983	627,246,793	411,407,523	61,779,556	349,627,967	173,847,854	6.225.877	35,765,53
1984	680,475,229	437,071,049	74,179,370	362,891,679	199,210,028	6.176.667	38,017,48
1985	742,871,541	474,072,327	77,412,769	396,659,558	225,214,568	6.579,703	37,004,94
1986	782,251,812	497,406,391	80,441,620	r 416,964,771	r 243,978,380	7,194,956	33,672,08
1987	886,290,590	568,311,471	102,858,985	465,452,486	277,000,469	7,667,670	33,310,98
1988	935,106,594	583,349,120	109,682,554	473,666,566	318,038,990	7,784,445	25,934,04

^{*} Transition quarter

Footnotes for Tables 1 and 3

* Less than \$500

r Revised

NOTE: Detail may not add to totals due to rounding. Negative amounts reflect adjustments made to prior reported data and credits for prior tax periods claimed against current tax period amounts.

The recepts in the various states do not indicate the federal tax burden of each sact, in many instances, bace are collected in whiteholding baces becomed by emboyers because of extra these may include substantial amounts withheld from sataries of employees who results have because the state have state and the same completes who results have been resulted to the states of some corporations are paid from a principal divide, although them and the same of the states of some corporations are paid from a principal divide, although them.

2. Corporate tax rates generally ranged from 15 to 34 percent of taxable income,

3. Includes taxes on unrelated business income of exempt organizations amounting to \$137.5 million (Forms 990T).

4. Collections of individual income tax not withheld include old-age, survivor's, disability, and hospital insurance taxes on self-employment income (SECA), similarly, the collections of individual income tax withheld are reported in combined amounts with old-age, survivor's, disability, and hospital insurance taxes (FICA) on

salaries and wages. Estimated separate national totals for individual income tax and for employment taxes are shown in the text table, figoris Internal Revenue Collections, on page 9 and are used in obtaining national totals for individual income taxes and for employment taxes in Table.

 Individual income tax rates were 15, 28 and 33 percent of taxable income, included were SECA taxes with an effective ta rate of 13,02 percent (15,02 percent less 2.0 percent credit)

6. Includes fiduciary income tax collections of \$6.5 billion.

 Income tax withholding rates were 15, 28 and 33 percent. A combined FICA rate of 15.02 percent was imposed on a wage base through \$45,000 for 1988

 Railroad retirement taxes are divided into two tiers for both employers and employees. The lier I tax rate was 7.51 percent each on the first \$45,000 for 1988. Ter II taxes were 16.1 percent for employers and 4.90 percent for employees.

 Employers of one or more persons in each of 20 calendar weeks or who paid wages of \$1,500 or more in any calendar quarter were taxed 6.2 percent on taxable wages up to \$7,000 for 1988. This tax was reduced by credits of up to 5.4 percent for unemployment contributions paid to states.

10. Estate and gift tax rates ranged from 18 to 50 percent.

 IRS excise tax data no longer include alcohol and tobacco tax collections. These amounts are now collected and reported by the Bureau of Alcohol, Tobacco and Firearms.

12. Tax payments made to banks, under the federal tax deposit (FTD) system, are included in the internal revenue collections for the period in which the FTD was purchased. However, such purplements are not classified by internal revenue districts (for by tax subclasses to which exists tax payments relate) until the iRS apples them to taxapayer labilities.

 Represents credits allowable on income tax returns for certain gasoine, diesel, and special motor fuels tax payments and for excess payments under the Federal Insurance Contributions Act.

14. Designations by taxpayers of a portion of their taxes to the presidential election campaign fund are not collections, as such because they on not affect laxpayer lability. Transfers of amounts to this fund are made on a national basis only and therefore, have no effect on district and regional collection district and regional collection district and regional collection district and regional collection district.

 Amounts offset against outstanding tax liabilities other than those for Forms 1040 and 1040A on which the credits were claimed.

16. Amounts contained in the national totals but not classified by state or district as of the end of the fiscal year. Also includes amount transferred to a special account for the Northern Manana Islands.

Table 4. — Amount of internal revenue refunds including interest (in thousands of dollars)

nternal revenue regions and districts, states nd other areas, (States represented by single listricts indicated in parentheses; totals or other states shown at bottom of lable.)	Total! (1)	Corporation income (2)	Individual income ² (3)	Employment taxes ² (4)	Estate tex (5)	Gift tax (6)	Excis taxes (7
Il-land States Autol	94,480,267	16,476,672	74,399,238	2,252,732	217,901	9.338	1,114,18
lorth-Atlantic Region	14,136,576	3.258.425	10.557.037	258,643	40,053	2,529	19,89
Atbany (See (d) below)	755.367 412,108	134,120 40,925	610.039 364,947	9.251 5.105	1,137	_1	81 82
Boston(Massachusetts)	2,938,989	689.030	2.189.536	51,946	6,635	293	1 54
Brooklyn(See (d) below)	2,423,441	163,736	2,214,772	36,407	6.855	(536)	2.20
Buttalo (See (d) below)	1,476,611 170,611	153,706 14,610	1,294,861 151,886	20,793 3,590	1,789 610	2.968	2.69
Hartford (Connecticut)	1.809.321	393.635	1.366.479	42.212	3.492	16	3.48
Manhattan(See (d) below)	3,284,163	1,573,530	1,607,369	78,006	17,826	(225)	7,65
Providence (Rhode Island)	482,659 382,905	40,548 54,584	434,033 323,115	6,876 4,456	978 427	<u>''</u>	21 32
Id-Atlantic Region	13.172.318	2.351.564	10,509,026	251,931	27.380	1,548	30.86
Baltimore (Maryland & D.C.)	2,310,192	330,805	1,903,178	64.826 85.052	3.886 9.778	714 (229)	6.78 11.64
Newark(New Jersey)	3,938,044 2,839,601	687,860 478,668	3,143,934 2,302,613	47.267	7.740	1229)	3.76
Pritsburgh (See (1) below)	1,646,279	434.332	1,183,611	18,068	2,393	413	7.46
Richmond(Virginia)	2,093,117	285,592 134,307	1,772,503	30,568	3,194	504	75 45
withmed Bening	344.685 14.852.060	1.358,712	203.186 13.192.505	6.149 21 6.034	788 37,687	1,120	46,80
Atlanta(Georgia)	2,214,638	217,349	1 958 380	34.217	1.868	(100)	2.92
Birmingham(Alabama)	1,170,074	79,421	1,072,103 913,478	12,768	2.346	78	3,35
Columbia (South Carolina) (See (h) below)	977,644 1,853,646	52,085 97,928	913,478 1,705,647	10,671 38,885	511 8.608	(13) 398	91 2,38
Greensboro (North Carolina)	1,931,155	181,389	1,721,188	18,908	2,140	398 230	7,29
Jackson (Mississippi)	625,761	37,257	577.85 9	9,341	418	(8) 226	89
Jacksonville (See (b) below)	2,465,489 593,626	273,569 41,866	2,140.676 543,754	38,411 6,308	8.859 736	226 17	3.74 94
Nashville (Tennessee)	1.664.347	186.547	1,450,992	19,363	4.298	222 70	2.92
New Orleans(Louisiana)	1,356.282	191.300	1,108,429	27,161	7,902	70	21,42
entral Region	12,028,185 2,030,014	2,367,054 491,985	9,449,518 1 489 474	164,774 39,485	17,440 4,909	1,248	28,15 3,87
Clevetand (See (e) below)	2,261,198	344.696	1,858,215	45.247	5.745	289 22 807	7,27
Detroit(Michigan)	4,182,265	1,229,182	2,891,608	45,442	3,873	807	10.35
Indianapolis(Indiana)	1,869,544 1,061,414	161,728 111,127	1,688.640 934,970	15,728 11,585	1,140 477	89 11	2.21 3.24
Parkershurn (West Virginia)	623,750	28.336	586 610	6,286	1,295	29	1,19
idwest Region	11,196,202	2,191,293	8.768.697	195,130	18,477	327	22,27
Aberdeen(South Dakota)	150,331	12,035	135,766 2,942,047	1,936 97,692	237 10,101	153	35 12.83
Chicago , (See (c) DeiOw)	4,149,509 737,735	1,086,683 89,731	640,603	5,898	277	31	1,19
Fargo (North Dakota)	156,879	15.269	138.821	1,585	872	_	33
Helena(Montana)	192,107	11,220	178,167	1,880 12,001	315	3 2 2	52
Milwaukee(Wisconsin)	1,434,896 439,017	199,494 62,336	1,219,996	12.001	- 1,567 621	5	1.83 71
St. Louis (Missourii	1.727.470	335.921	363,924 1,367,906	18,761	2,557	- sō	2.27
S1. Paul(Minnesota)	1,296,606	251,625	1,015,562	27,078	1,023	24 62	1.29
Springfield(See (c) below)	911.651 12,159,553	126,980 2,320,650	765.906 9,153,721	16.875 1 94,844	906 30,559	62 905	458.76
Albuquerque (New Mexico)	400,879	30.559	362,692	6.343	620	110	
Austin (See (g) below)	2,173,383	344.032	1,582,900	6,343 23,631	7,895	200	55 215, <u>32</u>
Cheyenne(Wyoming)	167,646 2,790,596	21,660 522,201	144,030 2,166,562	1,479 60,361	244 8,492	281	23 32,69
Denver (Colorado)	1.066.510	154.494	692.129	16.969	1.209	2	1.70
Houston (See (g) below)	2,269.105	821,053	1,267,060	25,311	4,276	132	151,27
Oktahoma City (Oktahoma)	975,939	113,894 137,773	796,425 976,715	12,095 14,718	2,954 3,676	75 81	50.49 82
Salt Lake City (Litah)	1,133,787 393,738	33.213	351,789	7.216	3,070	1	1.12
Wichita(Kansas)	787,971	141,772	613,418	27,320	398 905	23	4,53
Vestern Region	14,575,148	2,337,786	11,909,775 201,644	251,115 4 049	44,556 376	1,490	30,42 34
Roise (klaho)	229,361 216,055	22,953 26,071	185,897	3,193	516	-	37
and the state of t	325,078	24,836	294,597	4,739	402	.6	49
Laguna Niguel (See (a) below)	2,890,940 377,280	325.372 37.357	2.508.721 331,827	47,454 6,238	5,518 1,404	24 20	3,85 43
Los Angeles (See (a) below)	377,280 3,291,376	746.B34	2,466,231	61,358	11 212	228	5.51
Portland (Oregon)	933,438	173,708	743,098	12,125	2,276 2,263 11,162	21	2.20
Sacramento(See (a) below)	1,298,558		1,198,468 1,212,513	16,645 49,621	2.263	1,221	1.26 12.72
San Ince (See (a) below)	1,855,126	386.745 326.506	1,494,182	25,509	6.707	91	2,13
Seattle(Washington)	1,483,953	187.500	1,272,596	20.183	2,718	(131)	- 1,08
ternational	753,165	291,388	432,524	22,513	1,640	171	4,92
	68,835 684,330	8.191 283.197	46,997 385 528	13.082 9.430	83 1,557	171	48
	1,506,250	203,131	426,435	707.750	_	-	472.07
ther miscellaneous refunds Gasoline and excess FICA credits* U.S. Customs Service* Earned income credit offsets	973,147	-		707,750	-	_	265,39
U.S. Customs Services	206,678 118,358	-	118,358	_	=	=	206,67
Retund reversals unclassified?	308,077	=	308,077	Ξ	Ξ	=	-
Totals for states not shown	sbave						
(a) Cattornia	11,009,983	1,865,360 371,497	8,880,116 3,846,323	200,587 77,296	36.863 17.467	1,575 624	25.48 6,12
	4,319,335	3/1,93/	3,040,323		17.407		0,12
(b) Florida	5.061.161	1.213 662	3.707.953	114.567		214	
(c) Illmois	5,061,161 7,939,783	2,025,092	3,707,953 5,727,040	144,458	11,007 27,606	2,209	13.75 13.37
(c) Names (d) New York (e) Onio (f) Penrsylvania	5,061,161 7,939,783 4,291,212 4,486,080		3,707,953 5,727,040 3,347,690 3,486,224		11,007 27,606 10,655 9,733		13,75 13,37 11,14 11,22

Table 5. — Number of internal revenue refunds issued

ernal revenue regions and di- digital areas. (States represe tricts indicated in parenthese other states shown at botton	stricts, states nted by single is; totals i of table.)	Total (1)	Corporation income (2)	individual income (3)	Employment taxes (4)	Estate tax (5)	Gin tax (6)	Excli taxi (
		83,039,102	700,445	79,909,1971	2,322,384	10,407	848	95,82
United States, total		10.852.716	92,452	10,421,764	326.805	1,829	140	9,72
Albany(See	(d) below)	738.384	4,552	714,579	18,580 11,894	67 28	2	66
Augusta(Mai	ne)	452,701 2,212,062	3,562 21,372	436,577 2,126,846	62,112	332	27	1.37
Soston(Ma:	(d) below)	2.230.685	14.179	2.153.303	61,198	348	22 22	1,63
Buttalo (See	(d) below)	1,529,111	9.759	1,489,088	28,987	157	22	1,09
Burkngton(Ver	nont)	194.985 1,318,552	1,877 10,831	185,220 1,262,414	7,646 43,641	15 259	7	1 4/
lartford (Cor	necticut)	1,318,552	19.031	1,282,622	69,799	551	57	2,14
Mannattan (See	(0) DEIDW)	433,468	3,702	415,579	13,787	551 49	ä	2,14 3, 2,
Providence(Rho	de Island)	368,560	3,583	355.536	9,161 307,150	23 1. 353	115	13,5
d-Attantic Region		11,661,939	81,931	11,257,795 1,996,758	807,150 62,771	323	30	24
Baltimore	yland & D.C.)	2,079,211 3,152,874	16,887 26,202	3.025.073	96.398	495	30 34 17	4.6
Philadelphia (Ser	(f) below)	2,660.082	14,676	2,579.051	63,690	212	17	2.4 2.0
Pittshurnh	(f) below)	1 476 327	6,786	1.435.956	30,396	118	12 21	1,6
Richmond(Vir	jinia)	2,052,985	15,030 2,350	1,989.063 230,894	46,999 6,896	173 32	1	1,0
Wilmington(Del	aware)	240,460 15,658,504	2.350 121,206	15,089,243	428,905	1.633	156 20 6	17.3
utheast Region	vrois)	2.153.224	17,906	2 074 237	58.726	152	20	2.1
Atlanta(Ger	hama)	1,286,789	8.087	1.249.138	27 850	68	6	1.6
United States, 1991 Michaelic Region Services Michaelic Region Michaelic Region	rth Carolina)	1,163,933	7,282	1.130.201	25,441 75,442	1,633 152 88 43 324 142 31	4 55 9 (1) 35 3 12 13	
ort Lauderdate(Sei	(b) below)	1,797,546	17,504	1,702,728	75,442 47,725	324	20	1,4 2,0
reensboro (No	th Carolina)	2,243,029	16,659	2,176.395 733.917	47,725 17,643	31	(1)	1.
ackson (Mil	SISSIPPI)	757,950 2.502.462	5.314 20.210	2,405,325	73,761	448 27 226 152	35	Ž.
ittle Bock (Ark	ansas)	698 110	4.529	676.326	16.245	27	.3	
lashville	nessee)	1,758,432	11.651	1.704.993	39,238	226	12	2.
lew Orleans(Lor	risiana)	1,297,029	12,064	1.235,983	46,834	152 79 7	13	1.
stral Region		10,794,824	75.377 12.009	10,455,709 1,716,885	253,257 48,575	158	70 · 13 17	1
ancinnati (Sei	(a) balow)	1,779,271 2,162,943	18 414	2.081,977	62,549	177	17	1
Neverand (Ser	thinan)	3,163,248	27.256	3,065,834	67,524	247	21	2,
ndianannis Ind	iaga)	1,889,056	10.631	1,839,776	36,464	117	10 2	2. 2. 1.
puisville (Ke	ntucky)	1,123,920	6.066	1,094,846	21.820 16.325	58 40	ź	٠.
arkersburg (We	st Virginia)	676,386	3,001	656,391 10,169,631	285,761	1.834	97	13.
iwest Region	at Patrice	10.564.761 203.231	93,514 2,159	195,199	5.414	21	_	
Aberdeen(SO	nt Dakota)	3 040 821	25.016	2,903,355	5,414 109,209	358 55 17	31 5	2.
Des Maines (10)	a)	835,639	8.965	808,069	17,059	55	5	1,
arno	rth Dakota)	190,820	1,913	182,980	5,479	17	7.	
Heiena(Mo	ntana)	242,290	4.014	230,462	7,230 32,245		4	
Mitwaukee(Wi	sconsin)	1,585,952	13.578	1,538,092 469,834	32,245 11,939	148 68	- 4 7 6	1.
maha(Ne	braska)	488,669 1,666,444	5,888 14,996	1,611,141	38 263	175	21	1.
SI LOUIS (FAI	SSOUTT	1,355,153	10,697	1,311,820	30 303	85 75	12	2.
Springfield	e (c) below)	955.742	6,388	918,679	29,620	. 75	.11	
uthwest Region		10,348,351	105,785	9,929,468	297,297	1,238 40	150 4	14,
Albuquerque(He	w Mexico)	475,710	3,954 17,296	458,391 1,786,332	12,693 48,297	266	21	3
sustin(Se	e (g) below)	1,855,512 148,590	2,006	141,679	4,587	266 19	21	3,
Dellar (Se	oming)	2.247.743	26,067	2,146,509	71,509	264 99 159	58	3.
Denver	iorado)	1.063.458	12,258	1.018.333	31.679	99	.4	1,
Houston	e (g) below)	1,288,262	13,125	1,233,474	39,839	159	20 17	
Oklahoma City (O)	iahoma)	943,194	9,325	906.438 1,058.341	25.686 30,634	155	14	1,
hoenix(Ar	zona)	1,099,957	10,016	1,058.341 451.798	30,634 12,590	72	2	
ar Lake City(UI	EN)	468,473 757,452	3,550 8,188	728.173	19.783	132 22 82	8	
NICTHIA	11343)	12,947,186	126,188	12 481 225	400,424	2.393	116	16
Anchorage(AL	15ka)	176 958	2.139	168.090	6.267	15 19	- 2	
Boise	nho)	269.523	2,747	257,809	8.358 9.264	19 40	2	
tonoluly(Ha	waii)	385,924	3,967	372,358 2,522,276	9.264 78.219	367	16	
aguna Niguel (Se	e (a) Delow)	2,626,251 372,691	22,677 2,814	358,153	11.086	367 43	3	2 2 1
as vegās(Ne	waua)	2,389,367	25.377	2.280.698	80,147	594 191	19	2
nus Arrystes	edou)	1 007 062	11.145	968.463 1,279,784	25,319	191	12	1
Sacramento(Se	e (a) below)	1,331,245 - 1,197,962	10,879	1,279,784	39,028	163	11	
San Francisco (Se	e (a) below)	1.197,962	13,936	1,135,636	45,478	516	12 11 20 14 15	1
San Jose (Se	e (a) below)	1,659,587	15,493	1,590,014	51,534 45,724	288 157	15	- 1
Seattle (W	ashington)	1,530,616 296,304	15,014 3,892	1,467,944 269,845	45,724 21,785	130	14	
ernstional		63.272	95	44,520	18.619	7	_	
rueno rico		233.032	3,797	225,325	3,166	123	4	
her miscellaneous retunds		(85.483)	<u>-</u>	(85,483)	· <u>-</u>	=		
ther miscellaneous refunds Gasoline and excess FICA cri U.S. Customs Service Earned income credit offsets	drts		-	-	_		=	
U.S Customs Service		-	-	_	Ξ	-	_	
Earned income credit offsets		(85.483)	-	(85.483)		=	Ξ	
Refund reversals unclassified	als for states not shown			103,403)	 			
	California	9 204 412	88,362	8,608,408	294,406 149,203	1,928 772	80	1
(b)	Florida	4.300,008	37,714	4,108,053	149,203	772 433	90 42	
ici	Illinois	3.996,563 5,872,388	31,404	3,822,034	138,829 178,564		103	
			47,525	5,639,592	1/0,304	1,123	100	
(d)	New York	3,012,300	20 422	2 709 867				
(d)	Ohio	3,942,214 4,136,409	28.423 21.462	3,798,852 4,016,007	111,124 94,086 159,645	335 330	103 30 29	i

Includes windfall profit its refund claims of \$641 million of which \$333 million represents excise taxes.
Includes samed income credits refunded, amounting to \$27, billion and refunds amounting to \$22 million paid on partnership and fiduciary vincome tax returns.
Includes vended income tax, Ri-CA, Ratinard Reference and FIVIA refunds, and credits.
Includes credits for gasoline and ubcricing oil tax payments.
Includes credits for excess payments under the federal off Akg and Sorvivors, Federal Disability and Federal Hospital funds, amounting to \$708 million.
Includes results for excess payments under the federal off Akg and Sorvivors, Federal Disability and Federal Hospital funds, amounting to \$708 million.
Includes results sexued in Segimenter 1858 million excess care in Segimenter 1858 million excess. A Segimenter 1858 million excess the Segimenter 1858 million excess the Segimenter 1850 million excess the Segim

Column Contents:

I includes 235.194 refunds issued to inductanes and partnerships.

In labe 4. Amount of internal Revenue Refunds including interest, refund amounts are given for these credits.

In labe 4. Amount of internal Revenue Refunds including interest, refund amounts are given for these credits.

Includes refunds issued in September 1980 minus refund reversals received in September 1980 with were not classified by distinct before September 90, 1988 (the end of the liscal year) for accounting and comparative purposes, the data modules in his total must actual transactions affecting the refund and interest appropriation accounts for the fiscal year.

Table 6. - Number of returns filed

ernal revenue regions and districts, states o other areas. (States represented by single pricts indistrated in parentheses; total other states shown at bottom of table.)	Notal tax returns (1)	income tax (2)	individual estimated tax (3)	Fiduciary (4)	Fiductary estimated tax (5)	Partnership (6)	Corporation income tax (7)	Estate tax (8)	Gil ba: (9
United States, total	194,305,425	106,993,675	35,488,541	2,783,005	1,055,232	1,814,470	3.985.259	52,364	102.56
United Sales, units United Sales, units Ubary (See (d) below) upusta (Maine) usson (Massachusetts) usson (Massachusetts) usson (See (d) below) utifato (See (d) below)	26,682,081	14,190,357	5,021,707	477,785	217,108	217.091	667.593	9,277	18,77
libarry(See (d) below)	1,733,768 988,083	999.235 539.315	317,742 181,685	16,050 13,528	4,682 5,167	12,415 6,401	34,766 18,523	474 223	1,25! 57!
inction (Marcachinette)	5.336.688	2,887,784	1,035,170	119,405	63,521	34.219	113 750	1.975	4 03/
irpoktyp (See (d) below)	5,455,494	3.026.418	1.038.423	36 945	7.752	40.143	163,039	1.607	2,50
lutfalo (See (d) below)	3.362.540	1,987,706	608,852	53,554	16,778	24.031	53.347	724	2.747
lurkngton (Vermont) (artford (Connecticut) fanhattan (See (d) below)	504,342	251,461	97,603	7,321	2,002	3.934	12.031	109	27
lartford(Connecticut)	3,130.205	1.642.635	634,986	61.116	27,206	30.692	66.008	1.359	2.71
fanhattan(See (d) below)	4,348,389	1,863,754	778,001	142,965	77,512	52,220 7,222	164,975	2,298	3.69
orismouth (New Hampshire) rovidence (Rhode Island)	984,006 838,566	531,054 460,995	181,671 147,574	12,143 14,768	4,408 6,080	7,222 5.814	19,641	271 237	538 439
LAttentic Benien	25,425,410	14,765,582	4,962,867	468,323	154,451	233,812	21,513 534,039	7.002	12,25
lattumore (Maryland & D.C.)	4,545,397	2,537,239	775,672	105,121	33,080	41,474	90,186	1,237	2,23
lewark (New Jersey) hiladelphia (See (f) below)	7,201,361	3,938,276	1.356,318	73.394	25,773	69.946	199,994	2,316	3,15
hitadelphia(See (f) below)	6.178.622	3.420.472	1,279,394	73,394 158,434	44.232	52,315	101.296	1,512	2.78
	3,277,646	1,872,814	667,421	57,437	15,818	26.867	41.276	574	1.23
Uchmond (Virginia) Vilmington (Delaware) utheast Region	4,657,551	2,692,408	775.430	60,664	24,115	38,887	86,441	1,183	2,492
Vilmington(Delaware)	564,833	304,373	98.632	13,273	11.433	4.323	14,844	180	35
theast Region	34,741,314	19,448,651	6,004,066	373,027	134,237	261,805	777,182	8,596	18,55
	4,476,861	2,652,976 1,581,884	596,379 362,610	39,264 28,176	16,332	33.613	93.431	865	2.15
ırmıngham (Alabama) olumbia (South Carolina) ort Lauderdale (See (b) below)	2,610,039 2,324,315	1,581,884 1,408,084	362,610 331,173		8.826 6.946	18.956	41,980	475	1,29
urunna (300th Carolla)	2,324,316 5,456,929	1,408,084 2,445,748	1,406,540	19,519 72,162	6.946 25.428	18,750 34,923	44,436 192,929	488 2,351	1,22
reenshorn (North Carolina)	4.798.015	2,815,909	733,193	65,136	21,389	34.923 38.608	86.543	1,093	2,53
reensboro (North Carolina) ackson (Mississippi)	1,577,041	940.524	218.037	11.257	3,758	12,894	27.048	367	2,53
	5,699,181	3,065,758	1,157,904	66.626	23,772	37,415	136,166	1,363	2.57
ittle Rock (Arkansas) astiville (Tennessee) ew Orleans (Louisiana)	1.611.846	901,908	276,094	15,075	5.309	13.715	30.019	286	75
ashville(Tennessee)	3.385.920	2.033.050	500,766	34,794	14.614	32,229	51,013	813	1,37
lew Orleans(Louisiana)	2,801,156	1,602,810	421,370	21,016	7,863	20,702	73,617	495	1,05
	22,605,164	13,229,382	3.988.070	338,710	112,333	177,688	410.738	4,255	9,90
incinnati (See (e) below) leveland (See (e) below)	3.504,794	2,067,695	612,251	72,590	21,630	29,458	54,238	801	1,716
leveland,(See (e) below)	4,683,598	2,708,131	660,684	70.693	28.396	35,425	82,745	897	2,16
etroit (Michigan)	6,755,988	3,981,654	1,153.249	80,921	30,266	56,841	135,371	1,154	2.64
dianapolis (Indiana)	4,054,486	2,376,409	730.324	66,606	15,485	25,228	75,431	740	1,85
	2,455,652	1,425,208	425,199	33,522	12,034	20,609	44,043	447	1.13
arkersourg(west virginia)	1,150,646 25,821,354	670,265 14,109,395	206,363 5,037,680	14,378 444,759	4.522 156,206	10,127	18,910	216	407 15,600
arkersburg (West Virginia) Iwest Region berdeen (South Dakota)	565,852	14,109,393	110,512	9,198	1,793	234,847	491,145	6,573 98	15,600
hicago (See (c) helow)	565,832 6,811,945	293,658 3,798,845	1,275,253	131,891	73.442	5,936 63,916	9,103 148,185	1.990	466 3.321
Nicago (See (c) below) les Moines (lowa) argo (North Dakota)	2,308,275	1,198,409	514.897	48.014	9.296	21.712	42,322	599	1,203
argo (North Dakota)	555,346	279.691	109,116	7,913	1,441	6,031	9.287	202	524
elena(Montana)	684,946	335,309	126.876	7.198	1.686	8,654	14.858	176	649
lilwaukee (Wisconsin)	3,809,372	2,118,002	731,486	70.847	24,324	31,267	66,094	695	2,95
elena (Moritana) lilwaukee (Wisconsin) maha (Nebraska)	1,320,457	692,625	253,132	20,782	7,079	13,658	27,579	373	98
	4,002,114	2.185.345	812,017	69,233	22,315	32,278	74.587	999	1,80
1. Paul (Minnesota) pringfield (See (c) below) thwest Region	3.490.438	1,940,D43	617,596	44,631	16,055	34,364	69,519	697	2.68
pringheld (See (c) below)	2,272,639	1,267,468	486,795	35,052	8,775	17,031	29.611	744	1.01
	24,511,845	13,388,521	4,042,218	316,766	132,873	310,029	510,603	6,247	13,65
	1,053,918 3,778,372	606,154	168,784 560,966	8,759	3,262 20,704	11,234	18,569 62,433	229 996	50
adquerque (New Mexico) ustin (Sec (g) below) heyenne (Myorning) tallas (Sec (g) below) erriver (Colorado) (Ustin (Sec (g) below) Mahoma City (Oklahoma)	3.778,372	2,169,629		42.431	20,704	42,317	62,433	996	2,58
reycome(WYOTHING)	382,346 5,412,656	195,798 2,915,227	66,511 850,518	4.352 73.750	1,479 39,153	5,565 81,498	8,780 110,423	77 1,424	2.68
enner (Colorado)	2,739,450	1.458.548	451,306	73.750 35.877	13.575	39,250	70,398	1,924 683	1.68
nuston (See (n) below)	3.013.957	1,666,102	434.165	40.862	20.025	36,379	70.390 70.451	683 730	1,00
ktahoma City (Oktahoma)	2 327 657	1,240,637	419.258	29,854	10,569	25,940	51,110	606	1,31
	2.695.030	1.458.394	517,530	35,507	11,131	30.831	57.324	748	1.30
alt Lake City(Utah)	1,068,672	616.749	143,754	15.462	4.422	18,068	24,256	179	44
all Lake City (Utah)	2,039,757	1,061,283	429,426	28,912	8,553	18,947	36,859	575	1,18
CENTR MODICO	32,425,015	17,336,467	6,232,684	362,767	137,861	377,894	575,070	9,957	13.54
	508.652	328,204	42.211	1.743	605	6 499	8.673	70	14
orodulu (Havali) Iguna Niguel (See (a) below)	705.629	376,622	123.242	7,844	2.359	9.543	14,345	123	27
onomiu (Hawali)	909,109	503.855	155,716	10.852	4,369	7.888	21,180	210	. 87
iguna miguei(See (a) below)	6,552,754 858 433	3,595,288 498,570	1,304,629 132,568	54,476 8,073	13,253 3,149	75.048	114,587	1,889	1.96
is Vegas (Nevada) is Angeles (See (a) below) intland (Oregon)	5.887,788	498,570 3.131.544	1,019,886	79,308	3,149 29,346	8.551 77.004	19,990	180	45
regres (Jee (8) DERW)	2.301.922	1,192,876	1,019.886 457.066	79,308 29,146	29,346 9,123	77,004 22,330	128,159 42,642	2,267 486	2.08
ecramento (See (a) below)	3.867.833	1,987,833	857.926	33,968	9,123 8,854	22,330 44,289	51.323	1.122	1.44
n Francisco (See (a) below)	2,734,950	1.372.232	570.129	54,996	36,355	31,594	42,187	1,421	1,40
an Jose(See (a) below)	4,270,031	2,306,655	838,062	39.982	11.547	53,149	63,644	1,397	1,84
acramento (See (a) below) an Francisco (See (a) below) an Jose (See (a) below) an Jose (See (a) below) eartie (Washington) mattonal	3.827.914	2.042.788	731,249	42,379	18.901	41.999	68.340	792	1.60
rnational	1,093,232	525,340	199,249	858	163	1,304	19,889	457	27
UCILO PACO	338 646	94,135	59,941	241	26	178	896	24	21
ther	754,586	431,205	139,308	617	137	1,126	18,993	433	25
(a) Caktornia	22 212 250	12,393,552	4,590,632	262,730	99,355	201.004	200.000	0.006	0.76
(a) Castornia (b) Florida	23,313,356 11,156,110	12,393,552 5,511,506	4,590,632 2,564,444	138,788	99,355 49,200	281,084 72,338	399,900 329,095	8.096 3.714	8.750 7.515
(c) Illinois	9,084,554	5,066.313	1,762,048	166,943	82,217	80,947	177,796	2,734	4,338
	14,900,191	7.877,113	2,743,018	249,514	106,724	128,809	416,127	5,103	10,20
(e) Ohio	8,188,332	4,775,826	1,472,935	143.283	50,026	64.883	136.983	1.698	3.870
(e) Ohio	9.456.268	5.293.285	1.946.815	215.871	60.050	79,182	142,574	2.086	4,016
		6,750,958	1.845.649	157.043	79.882	160,194		3,150	

m Caminates:
(2) Includes Forms 1040, 1040A, 1040E2, 1040NR, 1040SS-FR and 1040C.
(3) Form 1040ES.
(4) Form 1040ES.
(6) Form 1050.
(7) Includes Forms 1120, 1120A, 1120L, 1120M, 1120S, 1120FQU, 1120F, 1120ND, 1120ND, 1120RET, 1120FSC and 1120PC, (6) Form 706 and 7050AA.

Table 6. - Continued

sternal revenue regions and districts, states not other areas. (States represented by single stricts indicated in parentheses; totals or other states shown at bottom of table.)	Employment taxes (10)	Exempl organizations (11)	Employee plans (12)	Excise taxes (13)	Supplemental documents (14)	Non-maste file return (15
United States, total	28,235,744	489.852	1,819,455	956.879	10.523,211	4.06
orth-Atlantic Region Albany (See (d) below) Alpany (See (d) below) Buston (Massachusertis) Brooklyn (See (d) below) Buttalo (See (d) below)	3,984,737	78.983	242,899	97,132	1,457,463	4,061 1,16
Albany (See (d) below)	242,436 159,807	4.263 3.215	10,649 4,380	8,223	81.534	4. 2:
Roston (Marie)	732.311	3.215 17.549	4,380 43,680	7,984 16,846	47.258	2
Brooklyn (See (d) below)	764.475	6,938	47,709	15.965	266,175 303,456	26
Buttalo (See (d) below)	438.010	9 322	22.501	14,628	130,188	12 15 2 23 19 6 41
Burknoton (Vermont) ,	94,801	1,910	2,700	3.224	26.950	'5
Hartford (Connecticut)	438.404	9.586	28,250	10.714	176,299	23
Manhatlan (See (d) below)	828.737 155.009	21.384	71,231	10,860	330.567	19
Providence (Phode Island)	130,747	2.624 2.192	5,970 5,829	5,727 2,961	57,665	6
d-Atlantic Region	3,650,210	65,799	225.619	106,800	37,371 1,238,043	
3altimore, (Maryland & D.C.)	647.858	14.023	49,158	15,068	233.024	• • • • • • • • • • • • • • • • • • • •
Vewark (New Jersey)	1,020,878	13.060	60.604	26,751	400,662	23
Philadelphia (See (1) below)	791.394	16,404	48,109	26,791	235,436	- 5
nttsburgh (See (1) below)	429,229	9.303	28.836	19,377	107.394	6
Milmington (Delaware)	678,917 81,934	11,964	35,294	16,116	234,522	1
wtheast Region	5,336,839	1,945 69,880	3,618 237,273	2,697 169,535	27,005 1,901,368	-11
Atlanta(Georgia)	716,194	8.917	33 189	21.587	261,884	34.
Johnson Joseph George Johnson Johnson Johnson Johnson Johnson George Johnson Johnson George Johnso	413,515	5,618	13,919	17.684	115.093	2 23 5 6 1 1 30 7 7 1 1 1
olumbia(South Carolina)	368,247	4,832	13,380	10,181	97.046	i
ort Lauderdale (See (b) below) ,	818,076	8.346	47,196	13,916	384.375	-
reensouro (North Garohna)	748.123	11,052	31,659	22.766	219,992	1
acksonilla (Saa (h) hainui	265.267 791.270	3,470	8,523	13,198	72.053	
rttle Rock (Arkansas)	254,514	10,583 3,914	36,379 8,956	20.253 14.087	348,966 87,213	15
(ashville (Tennessee)	517,690	7,550	22,207	18,753	150.829	3
karwine lennesser] (ver Orlean (Lousiana) Intri Region Intri Region Jereland (See (e) below) Jereland (See (e) below) Jereland (See (e) below) Jereland (Mchogan) Indianalois (Indiana) Jousselle (Pérrucky)	443,743	5,598	21,865	17.111	163.917	3
stral Region	3,093,491	60,743	200.234	109.333	670.036	26
incinnati (See (e) below)	456.027	9,897	33,574	11,072	133,764	8:
Reveland (See (e) below)	626,363	12.839	50,521	19,238	185,439	6
retroit(Michigan)	926.845	15,978	64,751	28,570	277.658	8 2
nuistrilla (Kantuelu)	544.085 368.640	13,568	30.439 14.343	26,204	148.096	2
brikershum (West Virginia)	171,531	5,405 3,056	6,606	16, 132	88.932	
Iwest Region	3,717,587	80.357	333.918	8,117 191,982	36,147 990,763	
Dubsyling (Menucky) Faharsburg (West Vrgina) Faharsburg (West Vrgina) Faharsburg (South Dakota) Fahaspo (See (c) below) Fahaspo (See (c) below) Farpo (North Dakota) Farpo (North Dakota)	97,598	2,142	6,731	7.292	21,313	548 12 155 12 5 5 5 21 7 7 151 83 185
:hicago(See (c) below)	884,560	17.423	98.425	21,476	293,066	15
es Moines (lowa)	341,586	8,213	36.578	19,360	66,074	T.
argo (North Dakota)	98,219	2.617	11,119	8,068	21,113	7
(Montana)	123,868 556,658	2,466	7.066	8.996	47,141	:
imaha (Nehracka)	213,156	11,491 4,396	44,145 16,094	25,372 21,382	125,983	5
it Louis (Missouri)	587,737	12.433	35,411	21,382 23,889	49,204	2
it Pauf(Minnesota)	493.893	12,306	51,815	41,934	143,998 164,747	ıé.
pringfield (See (c) below)	320.312	6.870	26.534	14,213	58,124	13
thwest Region	3,657,930	57,805	185,563	132,778	1,756,752	100
(New Mexico)	160,879	2.486	6,151	6,072	60,830	-
selena (Montana) inmaria (Wiscortin) imaria (Nobrasca) I- Loos (Missouri) I- Paul (Minnesota) Oronghed (See (c) beew) influenta Region Mosquerope (New Menaco) Mosquerope (New	555,527	8.523	19.790	17.958	274,511	-
Integration (See (a) helped	68.509 830,810	1,389	2,531	4,135	22,885	
enver (Colorado)	429,342	12,207 7,674	40,861 25,881	32.631 13.108	421,272	7
louston (See (0) below)	423.428	5,559	26,587	12,771	192,078 275,488	7
nepenne (Wyoming) zalas (See (g) Delow) enner (Golorado) oussion (See (g) Delow) käshoma Ciry (Okahoma) horiza (Arzona) al Lale Ciry (Utah) (Krista) zain Again zain Again zain Again zain Again	348,063	5,744	14.946	16.298	163,320	-
hoenix(Arizona)	371.173	5,348	21 803	8,456	175.467	16
an Lake City(Utah)	156,529	2,513	9,184	6,451	69,648	
etern Benien	313.670 4,593,579	6,362 75,676	17.829 391.883	14,898	101,253	
nchorage (Alaska)	62.752	1,359	391,883 4,020	145,336	2,172,176	111
oise (idaho)	118,995	1,870	6.037	2,570 8,865	49.801 35.503	
lonolulu(Hawaii)	121,469	1.948	10.916	1.789	68.038	-
aguna Niguel (See (a) below)	860,451	11,595	78.685	16.653	424.231	
(Nashay (Nashay Ionolulu (Hawaii) aguna Niguel (See (a) below) as Vegas (Nevada) os Angeles (See (a) below)	116,039	1,528	6,323	6,148	56.842	-7
os Angeres (See (a) below)	883,152	13,218	90,556	14,118	417,144	_
ortamento (Can (a) below)	350,935	6,112	22,562	17,077	150,107	31
an Francisco (See (a) below)	539.078 375.327	9.207 8.340	44,927	18.351	269,508	
In Jose (See (a) below)	3/5.327 602,959	8,340 10,277	40,496 52,769	5.253 19.993	195,212	3
eartle (Washington)	562.422	10.222	34,592	34,519	267,752 238.038	73
ordiand (Oregon) ordiand (Oregon) acramento (See (a) below) an Francisco (See (a) below) an Jose (See (a) below) eastle (Washington) matlenal	201,371	709	1,886	3,982	238,038 138,610	1,163
UEND PUCD	178.676	120	755	90	3,543	1,163
Alber	22,695	589	1,111	3,892	133.067	1,162
(a) California	3,260,967 1,609,346	52.637 18.929	307,433	74,368	1,573,847	. 5
(c) Illinois	1,509,346	18,929	83.575	34,169	733,341	150
(c) Illinois	2,273,658	24,293 41,907	124,959 152,090	35,689	351,190	215
(e) Ohio	1.082.390	22,736	152,090 84,095	49,676 30,310	845,745 319,203	506 148
(e) Ohio	1,220,623	25,707	76,945	30,310 46,168	319,203 342,830	148 115
(g) Texas	1.809.765	26.289	87.238			

Calcuma Cantents:
(10) Includes Forms 340, 340PR, 941, 941PR and SS, 941E, 942, 942PR, 943, 943PR and SS, CT-1 and 1042
(11) Includes Forms 990, 990PF, 9901, 990C, 5227 and 4720.
(13) Includes Forms 720, 730, 2293 and 1500Nr and 550Nr
(13) Includes Forms 720, 730, 2293 and 150Nr
(14) Includes Forms 1040Nr
(15) Includes Forms 1941Nr
(15) Includes Forms 1941Nr
(15) Includes Forms 1941Nr
(16) Includes Forms 1941Nr
(17) Includes Forms 1941Nr
(17) Includes Forms 1941Nr
(18) Includ

Table 7. — Returns filed, examination coverage and results (1988)

				Returns examined	-	
	Returns filed CY 1987	Revenue	Tax euditors	Service centers	Total	Perceni coverage
Individuals, total	193,251,000	352,601	532,324	175,682	1,060,807	1.03
1040A, TPI ¹ under \$10,000 Non 1040A, TPI under \$10,000	20,198,000 10,050,000	10.224 8,269	42.183 21,272	38,943 6,091	91.350 35.632	0.45 0.35
TPI \$10,000 under \$25,000, simple TPI \$10,000 under \$25,000, complex TPI \$25,000 under \$50,000	21,599,000 10,044,000 24,951,000	24,497 32,243 80,198	86,406 69,875 186,144	20.725 23.311 36.328	131,628 125,429 302,670	0.61 1.25 1.21
TPI \$50,000 and over	10,177,000	106,266	86,125	44,089	236,480	2.32
Schedule C-TGR ² under \$25,000 · · · Schedule C-TGR \$25,000 under \$100,000 Schedule C-TGR \$100,000 and over	1,931,000 2,156,000 1,216,000	14,943 28,135 39,288	12,351 15,669 8,801	772 1,928 2,970	28,076 45,732 51,059	1.45 2.12 4.20
Schedule F-TGR under \$25,000 Schedule F-TGR \$25,000 under \$100,000 Schedule F-TGR \$100,000 and over	244,000 443,000 242,000	901 2,570 5,267	920 1,497 1,071	83 157 285	1,904 4,224 6,623	0.76 0.95 2.74
Flductary	2,336,000	4,201			4,201	0.18
Partnerships	1,702,786	15,789			15,789	0.93
Corporations, total	2,858,500	38,078	,		38,078	1.33
Assets not reported	249,000	1,706			1,706	. 0.66
Under \$50,000 ³	865,000	4,088			4,068	0.47
\$50,000 under \$100,000	409,000	3.398			3,398	0.63
\$100,000 under \$250,000	564,000	4,920			4,920	0.87
\$250,000 under \$500,000	295,000	2,396			2,396	0.81
\$500,000 under \$1 mil	200,000	2,229			2,229	1,11
\$1 mil under \$5 mil	196,000	5,049			5,049	2.56
\$5 mil under \$10 mil	28,000	2,124			2.124	7.59
\$10 mil under \$50 mil	30,000	4,841			4,841	16.14
\$50 mil under \$100 mil	6,300	1,969			1,969	31.25
\$100 mil under \$250 mil	4,700	2,058			2,058	43.79
\$250 mil and over	4,500	2,858	······································		2,868	63.73
Form 1120F	17,000	432			432	2.54
Small business corporations	892,000	8,848			8,848	0.99
Form 1120 DISC	3,000	1,118			1,116	37.25
Estate, total	55,500	12,525			12,525	22.57
Gross estate under \$1 mil	37,000	6.325			6,325	17.05
Gross estate \$1 mil under \$5 mil	17,000	5,195			5,195	30.56
Gross estate \$5 mil and over	1,500	1,005			1,005	67.00
Cift	104,000	1,510			1,510	1.45
Income, estate and gift, total	111,212,786	434,868	532,324	175,682	1,142,874	1.03
Excluse	952,294	35,960			35,960	3.88
Employment	28,165,000	23,311	1,241		24,552	0.09
Windfell profit	4,266	790			790	18.52
Miscellaneous		50			50	
Service center corrections				564,767	564,767	

Note: Totals may not add due to rounding.

1 Total positive income. 2 Total gross receipts

Balance sheet assets.

Table 7. — Continued

	inge st ^e	No-cki perce		Average tax and enally per return		es	nal tax and penalti ons)	mmended addition (in mill)	fleco
	Tex auditor	Revenue agent	Service centers	Tax auditors	Revenue agents	Total	Service centers	Tax auditors	rvenus sgents
Individuals, tota	14	14	4,195	2,190	9,750	5,343	737	1,166	3,440
1040A, TPI under \$19,000 Non 1040A, TPI under \$19,000	14 20	13 19	4,052 705	1,277 1,025	15,934 5,778	375 74	158 4	54 22	163 48
TPI \$10,000 under \$25,000, simple TPI \$10,000 under \$25,000, complex TPI \$25,000 under \$50,000	12 12 13	15 16 16	524 622 1,609	1,007 977 1,459	1,958 2,006 2,585	146 147 537	11 15 58	87 68 272	48 65 207
TPI \$50,000 and over	18	12	9,890	5,277	16,770	2,673	436	455	1,782
Schedule C-TGR under \$25,000 Schedule C-TGR \$25,000 under \$100,000 Schedule C-TGR \$100,000 and over	11 12 16	11 10 12	1,678 4,753 13,724	2,135 3,989 12,683	3,693 5,553 21,479	83 228 996	1 9 41	26 63 112	55 156 844
Schedule F-TGR under \$25,000 Schedule F-TGR \$25,000 under \$100,000 Schedule F-TGR \$100,000 and over	26 22 21	22 16 14	763 1,829 12,173	689 926 5,649	2,725 2,828 11,810	3 9 72	0 0 3	1 1 6	2 7 62
Fiduciar		15			47,099	198			198
Partnership		18							
Corporations, tota		17			306,624	11,676			11,676
Assets not reported		14			88,173	150			150
Under \$50,000		27	,		17,466	71			71
\$50,000 under \$100,000		27			7,981	27			27
\$100,000 under \$250,000		26			8,750	43			43
\$250,000 under \$500,000		21			13,328	32			32
. \$500,000 under \$1 mil		20			26,307	59			59
\$1 mil under \$5 mil		144			63,293	320			320
\$5 mil under \$10 mil		11			102,027	217		·	217
\$10 mill under \$50 mil		10			95,276	461			461
\$50 mil under \$100 mil		9			103,080	203			203
\$100 mil under \$250 mil		6			292,123	601			601
\$250 mil and over		2			3,243,546	9,302	•		9.302
Form 1120F		13			437,277	189			189
Small business corporation		26			17,661	156		-	156
Form 1120 DISC		28							
Estate, tota		•			71,126	891			891
Gross estate under \$1 mil		10			22,780	144			144
Gross estate \$1 mil under \$5 mil		9			55,886	290			290
Gross estate \$5 mil and over		7			454,171	456			456
QII		17			159,475	241			241
income, estate and gift, total			4,195	2,190	38,176	18,504	737	1,166	16,601
Excip		7			5,151	190			190
Employmen		•		952	8,718	204		1	203
Windtell Profi		11			1,341,933	1,060			1,080
Miscellaneou		12			383,670				18
Service center correction			1,329			750	750		

4 Service center no-change rate by class is not available. Service center examinations resulted in 19 percent no-change.

Table 8. — Returns filed, examination coverage and results (1987)

		Returns examined						
	Returns filed CY 1985	Revenue agents	Tax auditors	Service centers	Total	Percen coverage		
Individuals, latel	101,750,800	. 317,525	610,439	181,251	1,109,215	1.0		
1940A, TPI1 under \$10,000 Non 1940A, TPI under \$10,000	19,904,900 9,904,000	11,008 8,711	45,180 24,685	49.736 8.632	105.924 42,028	0.5 0.4		
TPI \$10,000 under \$25,000, simple TPI \$10,000 under \$25,000, complex TPI \$25,000 under \$50,000	21,285,600 9,897,800 24,588,300	25.068 29.373 75,890	86,585 73,919 235,240	24.181 25.367 32.755	135.834 128,659 343,885	0.6- 1.3- 1.4-		
TPI \$50,000 and over	10,029,100	95,403	95,653	33,379	224,435	2.2		
Schedule C-TGR ² under \$25,000 Schedule C-TGR \$25,000 under \$100,000 Schedule C-TGR \$100,000 and over	1,903,000 2,125,000 1,198,000	11.378 22.363 32.437	14,484 18,334 11,150	942 2,049 2,635	26,804 42,746 46,222	1.4 2.0 3.8		
Schedule F-TGR under \$25,000 Schedule F-TGR \$25,000 under \$100,000 Schedule F-TGR \$100,000 and over	240,000 436,500 238,600	754 1.935 3.205	1,304 2,249 1,656	124 731 720	2,182 4,915 5,581	0.9 1.1 2.3		
Fiduciary	2,276,200	5,066			5,066	0.2		
Partnerships	1,713,600	19,769			19,769	1.0		
Corporations, total	2,827,300	44,697			44,697	1,5		
Assets not reported	201,900	1,916			1,916	0.9		
Under \$50,000 ³	823,700	4,249			4,249	0.5		
\$50,000 under \$100,000	390,700	3,513			3,513	0.9		
\$100,000 under \$250,000	535,600	4,815			4,815	0.9		
\$250,000 under \$500,000	329,000	2,762			2,762	0.8		
\$500,000 under \$1 mil	223,000	2,777			2,777	1.2		
\$1 mil under \$5 mil	218,200	6,596			6,596	3.0		
\$5 mil under \$10 mil	32,200	2,623			2,623	8.1		
\$10 mil under \$50 mil	35,300	5,971			5,971	16.9		
\$50 mil under \$100 mil	7,800	2.785			2,785	35.7		
\$100 mil under \$250 mil	5,500	2,910			: 2,910	52.9		
\$250 mil and over	5,400	3,445			3,445	63.8		
Form 1120F	19,000	335			335	1.7		
Small business corporations	812,000	9,072			9,072	1.1		
Form 1129 DISC	8,073	1,352			1,352	18.7		
Estate, total	67,600	15,117			15,117	22.3		
Gross estate under \$1 mil	51,700	8,751			8,751	16.9		
Gross estate \$1 mil under \$5 mil	14,600	5,549			5,549	38.0		
Gross estate \$5 mil and over	1,300	817			817	62.8		
Gin	101,300	1,569			1,669	1.6		
Income, estate and gift, total	109,556,873	414,267	610,439	181,251	1,205,957	1,1		
Excise	1,035,500	38,966			38,966	3.7		
Employment	27,812,200	45,219	1,098		46,317	0.1		
Wiadzii profit	10,300	1,555		2,816	4,371	42.4		
Miscellaneous		11			. 11			
Service center corrections				503,309	503,309			

Note: Totals may not add due to rounding.

Total gross receipts

Table 8. - Continued

	inge int ⁴	No-chi perce		Average tax and enally per return		es	nal tax and penalti ions)	mmended addition	Reco
	Tax auditor	Revenue agent	Service centers	Tax auditors	Revenue agents	Total	Service centers	Tax auditors	rvenue agents
Individuals, tota	14	12	4,084	2,167	12,235	5,911	740	1,286	3,885
1040A, TPI under \$10,000 Non 1040A, TPI under \$10,000	12 21	11 16	3,501 892	1,335 1,033	10.843 5.567	354 82	174 8	60 25	119 48
TPI \$10,000 under \$25,000, simple TPI \$10,000 under \$25,000, complex TPI \$25,000 under \$50,000	14 13 13	16 15 14	662 649 1,490	919 1.015 1.280	2.368 2,362 3,107	155 161 586	16 16 49	80 75 301	59 69 236
TPI \$50,000 and over Schedule C-TGR under \$25,000 Schedule C-TGR \$25,000 under \$100,000	18 13 11	10 13 9	12,030 1,529 9,147	5.817 1,746 3,380	20.254 5.834 7,277	2,890 93 243	402 1 19	556 25 62	1.932 66 163
Schedule C-TGR \$100,000 and over Schedule F-TGR under \$25,000 Schedule F-TGR \$25,000 under \$100,000	16 26 19	12 24 19	15.835 1,195 569	8,015 789 1,158	29,399 4,463 4,436	1,085 5 12	42 0 0	89 1 3	954 3 9
Schedule F-TGR \$100,000 and over	20	14	18,236	4.766	70.391	247	13	6	226
Fiduciar		13			15,425	78			78
Partnership		18	*****		··				
Corporations, total		14			236,613	10,576			0,576
Assets not reported		13			108,439	208			208
Under \$50,000		21			7.219	31			31
\$50,000 under \$100,000		20			11,428	40			40
\$100,000 under \$250,000		• 21			15.067	73			73
\$250,000 under\$500,000		20			17,339	48			48
. \$500,000 under \$1 mil		16			23,138	64			64
\$1 mil under \$5 mil		14		···	40,092	264			264
\$5 mil under \$10 mil		12			53,913	168			168
\$10 mil under \$50 mil		9			79,907	477			477
\$50 mil under \$100 mil		7			113,069	315			315
\$100 mil under \$250 mil		5			195.731	570			570
" \$250 mil and over		4			2.372,095	8.172			8,172
Form 1120F		43			438,982	147			147
Small business corporation		35			657	6			6
Form 1120 DISI		29							
Estate, tota		8			63,697	963		,	963
Gross estate under \$1 mil		9			18.121	159			159
Gross estate \$1 mil under \$5 mil		8			50,172	278			278
Gross estate \$5 mil and over		7			643,718	526			526
GI		14			135,913	227			227
income, estate and gift, total	14	13		2,107	37,982	17,761	740	1,286	15,735
Excit		10			4,074	159			159
Employme	3	20		528	7,730	350		1	350
Windfall Pro	3	20	2,156		701,123	1,096	6		1,090
Miscellanete		0			18,383				
Service center correction			947			477			

4 Service center no-change rate by class is not available. Service center examinations resulted in 14 percent no-change

Table 9. — Additional tax and penalties recommended after examination by class of tax and by internal revenue regions, districts and other areas (in thousands of dollars)

					Sub- chapter S							
	Total	Individual	Fiduci- ary	Corpo- ration	corpe- ration	Estate	GIM	Excise	Employ- ment	Exempl ergani- zations	Windfall profit	Miscel- ianeous
United States	20,017,290	5.342,529	198,482	11,675,865	155,572	891,299	240,607	189,917	204,213	39,498	1,060,127	18,981
North-Atlantic	4,168,754 1,935,369	945,341 448,528	17,561 16,834	2,896,531 1,267,158	21,925 20,872	200,470	6,799	13,391	53,299 22,039 28,081	13,400	36	_
Southeast	1,707,734	549,284	2,711	1,207,158 901,558	20,872 23,906	68,604 152,057	67,069 12,124	23,301 38,850	ZZ.039	618 1.102	348	_
	1,425,775	- 395,337	18,042	754,231	10,037	104.873	100,660	11.534	22,717	1, 102 5 954	62 1,989	-
HEWER	2,929,163	692,353	7,425	2,044,295	6,430	91,638	23.848	18.513	41.235	5,356 3,053	281	
######################################	4,334,573	1,121,935	29,051	2,245,633	58,417	149,750	15,050	70,436	13,052	14,722	618,470	56
Vesternsternational	3,414,840 101,083	1,156,050 32,703	106,850	1,510,054 56,405	13,984	114,613	15,260	15,892	21,109	1,247	440,943	18,629
	101,003	82,703	-	00,400	-	9,295	-	-	2,680	-	-	-
orth-Atlantic Region; Albany	54.011	40.074	67	36 471								
Augusta	59.875	12,271 22,995	3.327		33	3,275	-	613	1,281	_	_	-
BOSTON	323 499	65,071	2,146	31,837 213,023	2,615	27.851	1,103	960 1,037	752 10,653	_	-	
	301,963	159,564	22	120,757	1,842	27,001	1,100	3,702	2,671	13,400	26	_
HUTTERO	179,612	37,168	264	125,560	1,860	10,498	797	3,071	395	,	=	_
Burington	9,847 63,671	7,854 31,722	2.450	1,765	321		=	74	154	-	_	_
Hartford	2.641.954	149,011	3.158 7.414	14,970 2,279,340	15,187	10,649 148,192	98 4,802	1.699	1.054	_		-
Portsmouth	71,142	10,597	1,183	58.811	18	140, 192	4,502	2,092 136	35,904 398	=	11	-
Providence	23.195	9,104	1,100	13,998	48	_	Ξ	130	38	=	=	_
Andover Service Center	98.322	98.322			-	_	_		-	Ξ		_
Brookhaven Service Center .	341,662	341,662		-	_	_	_	_	-	_	_	_
Id-Atlantic Region:	***											
Baltimore	522,258	104,972	3,320	258,995	6,623	27,301	64,003	9,174	16,910	618	341	-
Newark Philadelphia	268,589 363,222	120,018 124,701	11,245 562	111,705 214,879	7,814 4,974	13,874 11,704	264 2,387	3,166 1,389	502 2,526	_	-	-
PRESDUMM	607,748	40.404	46	557,750	160	307	2,307	8.485	2,526 592	_	5 .	_
	125,652	42,641	1,514	63,490	114	15,417	414	857	1,204	_	<u> </u>	_
Wilmington Philadelphia Service Center .	39,033	6,926	46	30,340	1,187	-		230	305	=		
Philadelphia Service Center .	8,866	8,866	_	· -	· -		_			_	_	_
outheast Region:												
Atlanta	365,396 79,653	89,225 38,946	1,278	211,668	7,249	41,758	4,113	3.850	5,155	1,102	_	-
Cokembia	40.772	22,698	3	31,371 14,080	3,846 55	759	23	2,664 3,549	2.042	_	-	_
Columbia Fort Lauderdale	252,493	93,708	91	119,224	4,274	25.540	126	2,737	390 6.782	Ξ	11	Ξ
Greensboro	384,559	44,428	19	320,149	12	14,330	239	3.042	2,340	=		-
J20300	38.665	17,941	-	20.265	_	_	_	329	128	_	2	
Jacksonville	149,371	97,442	436	35,179	3,072	7,544	76	2.963	2,652	_	ē	_
	31,331	13,509	13 58	16,978	72 445		-	540	219	_	_	_
Nastrvitle	164,554 172,073	44,464 58,058	58 812	60,834 71,808		32,508	4.592	15,664	4,988	-	_	_
Atlanta Service Center	12,994	12,994	812	/1,808	4,881	29,617	2,055	511	3,388	-	42	-
Memohis Service Center	15.871	15.871		_	_			_	=	=	Ξ	_
intral Asoloo:								_	-	_	-	-
Cincinnati	549,806	144,655	16,651	272,928	715	43,673	57.728	1.491	6,408	5.356		-
LIEWEIRING	277,313	59,577	751	145,482	3,417	13,235	41,758	3,810	9,281	_	2	_
Detroit	269,163	81,511	265	147,272	2.018	28,616	933	3,346	5,073	-	129	Ξ
Indianapolis	152,713 135,686	43.511 36,733	139 105	92,747 93,434	152 3 665	13,041	41	540 1,043	687	_	1,854	-
Parkersburg	21,854	11,109	131	2.369	68	6,108	201	1,303	704 564	=	2	_
Parkersburg Cincinnati Service Center	19.242	19,242	-		~	0,100	4.01	1,363	304	_	_	
Aberdeen	6,786	4,942	2	408	48	409	725	508	244	_	_	_
Chicago Des Moines	1,145,288 123,485	382,507 23,495	5,009 199	692,263	3,759	46,316	4,598	2,609	5,172	3,053	3	-
Fargo	13.947	8,918	24	75,428 2,129	489 · 865	4,942 1,380	116 411	5,548	13,268	_	-	-
	12,269	8,154		1.332	803	2,194	120	170 430	49 38	=	=	=
MUPWALINGS	209,380	37,888	93	164,496	180	2,424	492	2,083	1.659	=	-	66
Umana	47,163	16.059	412	9.674		5.247	5 851		9,179	_	Ξ	
	363,137	84,490	793	256.755	668	9.337	991	3,533	6.261	_	278	30
St. Paul Springfield	556,522	52,111	559	486,977	115	9,441	1,741	3,533 1,903	3,675	_		=
Springheid	410,994 40,191	33,597 40,191	334	354,832	306	9,946	9,301	987	1,689	-	_	-
rethwest Region:	40, 191	40, 191	-	-	-	-	_	_	-	-	-	-
Albuquerque	23.118	14,672	203	3,914	581	1,870		1,500	398			
	216,620	87,422	1.144	93,777	2,907	24,911	3,996	1,038	1 520	-	86	
Chevenna	18,975	11,809	187	5,322	4	1,073	17	278	1,539 285	Ξ	-	_
Jana3	926,955	419,997	4,061	320,669	46,154	62,469	2,848	3 924	7.686	14,722	44.425	_
	789,249	74.012	4,048	642,630	1,339	19,614	1,152	45,296 12,161	661		441	56
Houston	1,488,193	180,603	17,869	771,911	2,243	12,587	3,880	12,161	22	-	486,916	-
Phoenis	429,427 129,038	91,339 56,189	378	237,717 58,996	294 1,702	8,672 9,851	2,087	3,932	321	-	84,487	-
Phoenix Salt Lake City	34,009	28,282	275	2,018	2.784	9,651	905	498	884 250	Ξ	-	-
WICTUIA	163.057	41,878	874	108,680	428	8.504	164	1,408	1,007	_	114	-
Austin Service Center	47,762	47,762	-	-	=	-		.,	1,007	_		=
Ogden Service Center	67,970	67,970	_	-	_	-	_	_		_	_	_
istere Region: Anchorage	28,435	26.189		4 242								
anne .	07 542	26,189 18,475	-	1,313	64 482	511		60	297	-	_	-
Hoooka	28,092	18,475	29	57,263 9,446	482 539	1,593 615	162 377	1,276 168	4,285 227	-	-	-
tonolulu aguna Niguel	877,595	215.515	38	615,217	3,120	30.028	466	3.031	9.983	=	82	114
as Vegas	208,280	37,829	71,622	80,269	4,882	12,976	400 186	231	9,983	Ξ	64	114
LOS Angeles	710.863	324,928	526	302,019	439	29,157	1.615	5,454	2,681	1,247	42,798	
Portland	85,010	44,560	593	29.993	100	6.767	155	1.461	1,140	1,247	12,700	240
Sacramento	169,943	95,775	31.995	23,814	544	12,973	3,001	802	1,039	_	_	_
San Francisco	789,476	114,260	1,191	254,670	3,183 357	7,858	6.033	437	449	-	398,062	3,334
San Jose	233,200 106,294	123,983	87 770	84,804	357	8,216	828	2.416	397	_		12,112
		53,738	//0	41,247	273	3,918	2,437	556	326	_	-	3.028
Fresno Service Center	84 108	84.106										

Table 10. — Number of returns examined by class of tax and by internal revenue regions, districts and other areas.

			Partner-	Fláuci-	Cerpo-	Sub- chapter 5 corpo-	Domestic interna- tional sales corpo-			Employ-	Exempl organi-	Employee	
	Total	Individual	ship	ary	ration	ration	ration	Estate	GIR	ment	zations	plans	Excise
United States	1,237,671	1,060,607	15,789	4,201	38,078	8,848	1,110	12,525	1,510	24,552	11,907	20,543	35,960
North-Atlantic	149,448 118,210	128,392	1,658 1,946	856	5,745	1,433 1,122	229	2,314	215	1,560	1,682	1,843	3,477
Mid-Atlantic	118,210	101.703	1,946	387 253	4,178	1,122	89	1,730	165	1,892	668	1,509 1,560	2,714
Southeast	114 684	159,243 92,153	1,610 1,221	203	5.250 4.422	1,502 974	83 132	1,627	207 133	5,010 2,414	802 2,771	1,000	5,965 2,984
Midwest	183,365 114,584 156,716	122,935	1.804	386 1,181	6,172	1,295	231	1,773	388	4,110	2,176	5,549 4,178	10,508
Southwest	221,957	195,007	1,804 3,552	370	6,235	1,374	130	1,484	259	4,757	1,950	1,329	5,037
Western	286,755	255,783	3,993	758	5.911	1,045	216	2.151	223	4.082	1,858	4,277	6,273
International	6,636	5,590	5	-	153	2		134		727		-,	5
North-Atlantic Region;													
Albany	5,695	4,902	3	31	276	37	4	150	18	99	-	_	175
Augusta	3,696	2,888	.14	43	153 1,082	46	.2	1	=	140	-	-	409
Boston	18,982 26,135	15.7B3	242	295 16	1,082 719	170	46	499	77	374	=		413
Brooklyn	14,740	20,443 12,658	154 163 24	103	719 590	371 121	24 14	231	27	185 194	1,682	1,843	686
Burlington	2,295	1,947	24	103	116	45	14	231		194	-	=	631 74
	11,676	9.935	174	164	543	147	34	284	17	128		=	242
Manhattan	30,755	25,261	B16	183	1.765	419	101	1,149	76	89 128 285	_	_	243 685
Portsmouth	3.280	2,829	28	4	193	40	4				_		141 20
Providence	4,095	3,647	40	17	309	37	_	_	-	41 25	_	=	20
Andover Service Center	14,047	14,047	-	_	_	_	_	-	-	_	_	_	_
Brookhaven Service Center	14,052	14,052	-	_	-	_	-	-	-	-	-	_	_
Mid-Atlantic Region:	24.703	19.062	***	**	***								
Baltimore	24,703 25,576	19,062 21,482	631 479	59 220	781	238 400	17 25	324 462	46 43	600	568	1,609	663 1,062
Newark	24.360	21,009	4/9	34	1,137	194	25			246 680	_	-	1,062
Philadelphia Pittsburgh	13,191	11.716	593 73	40	1,157 713 771	194 74	24	651	30	680 133	Ξ	-	455
Richmond	17,219	15,520	143	26	639	169	ži	291	46	206	_	=	356 158
Witmington	2 626	2,379	27	- 8	117	47	· i	201		27	=	=	20
Witmington	2,626 10,535	10,535						_	_			_	-
Southeast Region:												-	_
Atlanta	33,576	27,264	379	40	695	158	22 2	327	54	1,049	802	1,660	1.125
Birmingham	15.375	13,002	99	7	523	125	- 2		ĭ	639	_	1,500	971
Columbia	7,980	7,278	99 62	20	523 229 833 502 232 834	125 29 454	_	-	_	224	_	-	138
Fort Lauderdale	20,490	17,496	197	29 7	. 833	454	_	349	23 30	439	_	_	663
Greensboro	17,237	14,668	287	7	502	114	23 3	222	30	717	-	_	663 667
Jackson	9.335 23,735	8,683	59	_1	232	35	3		-	110	_	=	207 449
Jacksonville	23,735	20.979	224	37	834	318	3	202	15	668	_	_	449
Little Rock	6.892 17.906	6,058	44	15	256 571	66	=		=	205	_	-	248
Nashville New Orleans	16,489	15,181 14,284	126 133	50 57	575	140 163	26 4	225 298	30	531	-	Ξ	1,025 472
New Orleans Atlanta Service Center	8.216	8.216		5/	3/3	163	-		53	428	Ξ	_	4/2
Memphis Service Center	6,134	6,134	Ξ	Ξ	-	=	_	=	Ξ	_		_	=
Central Region:	0.154	0,134		_	_	_	_	-	-		_	-	-
Cincinnati	25.200	14.445	258 253 246	136	757	122	23	365	28	271 587	2,771	5,549	365
Cleveland	18,548	15,295	253	99	903	143	23 13 77 13	361	43	587	L.,,,_	3.043	847
Detnot	27.880	24,086	246	99 60 29 20 42	1,113	190	77	338	44	707	_	-	1,008
indianapolis	20,060	17,873	243	29	817	368	13	164	10	245	-	_	291
Louisville	9,801	8,404	188	20	531 301	105	6	_	-	373	_	_	173
Parkersburg Cincmnati Service Center	5,377	4.332 7,718	33	42	301	46	=	84	8	231	_	-	300
Unconnati Service Center	7,718	7,718	_	_	_	-	_	-	-	-	-	-	-
Midwest Region:	2,597	1.984	13	46	114	~							
Aberdeen	44,495	33.215	13	40	114	29 329	107	49	15	173	- -	4.475	174
Chicago Des Moines	10.443	8.498	306 183 27 77	641 58	1,354 397	323 66	6	408 145 55	56	703	2,176	4,176	1,007
Fargo	3,693	3,198	27	21	96	41		55	12	92	-		676 151
Helena	4.327	3,496	77	- 4	310	26	_	41	5	74		Ξ	294
Milwaukee	14,115	11.235	129	39		78	37	231	45	893	=		631
Omaha	7,667	5,679	129 45	- 11	794 406	104 256 299	4	146	17	246	_	Ξ	1,009
	19.597	15,917	619	186	960	256	14	357	69	653	_	_	552
St. Paul	24,320	16,072	286	186 139	960 1,057	299	57	196	47	461	_	Ξ	5,699
Springhelo	12,458	10.638	119	36	684	67	6	145	38	405	-	_	315
St. Paul Springfield Kansas City Service Center	13,004	13,004	-	_	-	-	-	-	-	-	_	_	-
Sounwess Region:		4.790		_									
Auuddeidae	5,654 27,305	4,790	31 241	9	126	37	=	28	.2	103	-	-	528 298 98
Austin Cheyenne	27,305	24,451	241	69	967 110	164 70 326 202	20	149	31	874	-	-	298
Dallas	3.415 43.464	2,854 34,384	103 903	11 68	1,737	70	-	41 437	43	120 1,214	1,950		98 877
Deriver	18,586	15.835	851	41	609	202	25 19	151	54	284	1,950	1,329	483
Houston	28,231	24,826	705	70	855	187	38	163	18	868	_	=	903
Houston	19,136	16.585	241	39	814	126	16	216	38	224	Ξ	=	381 758
Phoenix	14,886	13,321	221	18	351	126 137	16 7	157	45	372			241
Phoenix Salt Lake City	7,224	6.532	173	9	180	79	3	1	_	185	Ξ	_	62
Wichita	11, 187	8,560	173 73	16	487	46	2	141	16	513	Ξ	_	1,311
Austin Service Center	21,280	21,280	_		-	=	_	_	-	_	_	=	-
Ogden Service Center	21,589	21,589	_	-	-	-	-	_	-	_	-	_	_
Western Region:						_		_					
Anchorage	5,232	4,760	120	=	120	34	- 2	9	-	172	-	-	17
Boise	4,990	4,208	44	45 27	123	43	2	43 22	4	185	-	-	293
Honotulu	4.208	3,485	104	27	1,220	41	=	22	.1	194	-	-	97
Laguna Niguel	48,332	44,942	637	60	1,220	137	24	287	27	456	_	-	484
Las Vegas	10.539	9,575	98	.5	190	54	.6	48	.8	92		=	449
Los Angeles	50,072	38.293	1,051	79 29 88	993	64 265 105 77	57 10 13	581 136	49	1,131	1.858	4,277	1,354 367
Portland	9,721	8,141	254	29	341	105	10	136	.7	330	_	-	367
Sacramento	20,557	18,494	254 225 575 497	88	499	77	13	237	10	424	_	-	490 362
	22,768	19,773	5/5	110	1,008	69 93	54 19	348 275	23 32	397	-	Ξ	362
San lote													
San Jose	30,529 20,700	27,054 17,951	497 388	39 276	591 589	118	31	165	62	231 460	Ξ	_	1,691 659

Table 10A. - Information returns and other correction programs

	Service center contacts	Additional tax and penalties recommended (in millions)
1988 Underreporter program Other correction programs	3,800,000 105,000	\$1,817 ¹ 15
1987 Underreporter program Other correction programs	2,242,000 463,000	\$1,201 ² 22

^{1 \$474} million of this total is included on Table 7 in service correction results.
2 \$351 million of this total is included on Table 8 in service correction results.

Table 11. — Returns examined by examination divisions

	1987	1988
Additional las proposed Refunds proposed No adjustments proposed Total	917,034 90,589 287,999 1,295,622	861,545 89,460 254,221 1,205,226
Desposition of examined returns Not appealed Appealed Amministratively Petitioned to the U.S. Tax Coun Total	1,155,131 89,846 48,643 1,295,622	1,091,436 83,295 30,495 1,205,226

Table 12. — Examinations resulting in refunds (excluding claims for refunds)

	Number	of returns		ommended d of dollars)
	1987	1988	1987	1988
Individuals Fiduciary Corporations Estate Office Entry	50,902 870 3,747 2,335 45 1,920 543	47,336 674 3,150 1,866 36 2,105	139,576 9,981 387,831 52,275 1,624 92,388 5,030	152 032 12 070 325 224 55 383 529 82 569 8 232
Total	60,362	55,767	688,704	636,039

Table 13. — Results of collection activity (in thousands)

	1987	198
bapayer delinquent accounts		
axpaver detanguent accounts vield	\$ 6,421,420	\$ 6,428,49
Opening inventory	1.938	2,32
issuances ²	3.015	3,07
Dispositions	2 631	2.61
Closing inventory	2,001	2.01
(a) Number of accounts (including queue)	2.322	2.77
tal number of accounts (accounts due of a	271	
(b) Number of queue accounts		40
(c) Balance of assessed tax, penalty and interest	\$14,277,991	\$17,473,57
Jelinquent return investigations		
Opening inventory	909	1,39
issuances ⁷	1,540	1,72
Dispositions	1.055	1,27
Closing inventory (including queue)	1,394	1.84
Number of queue accounts	197	28
leturus compilance investigations cigaed	14	ĩ
Miscalianeous investigations closed	ñ	i
Iffers in compromise received	7,	
niore-ment activity	,	
	R37	
Notice of federal tax ken filed		B3
Notice of levy served upon third party	2,056	2.15
Seigures of property made	20	1

The 1987 taxcayer delinquem account issuances were inflated by approximately 200,000 due to the Non Master File (NMF) conversion. Thuse cases issued on NMF are now on the individual Master File (IMF).

2 fauntated to State, en accounting method.

Table 14. — Civil penalties assessed and abated (dollars in thousands)

	Asses	sments	Abate	ments	Net pe	naities
	Number	Amount	Number	Amount	Number	Amoun
ndividual						
Detinquency	1.870.495	700.734	185.096	131.045	1,685,399	569.689
Estimated tax	3,114,574	440.028	120.585	57.810	2.993.989	382.218
Failure to pay	7.564.587	521 439	668.594	53 513		
Bad check	242.518	3.360	10.812	33,313 571	6,895,993	467,926
Fraud	9.304	141.407	871		231,706	2,789
Manipage				44,413	8,433	96,994
Negligence	1,127.882	353,476	45,239	52,336	1,082,643	301,140
Other ¹	161.448	228,933	14,608	32,027	146,840	196,906
Total	14,090,808	2,389,377	1,045,805	371,715	13,045,003	2,017,662
rporation ²						4,0.7,000
Delinquency	152,190	498.350	45 803	490.809	106.387	7.541
Estimated tax	293.027	377.143	46.936	263.030	245.091	114,113
Failure to pay	390 790	277,008	126 442	249.943		
Bad check	3.089	161			264,348	27.065
Fraud			367	. 40	2,722	121
	535	82,171	57	8.342	478	73.829
Negligence	3.304	45,920	167	1.886	3.137	44.034
Other	913	41,080	74	4.070	839	37,010
Total	B43.848	1,321,833	219,846	1.018.120	524.002	303.713
mployment ³		.,	,	1,010,120	024,002	303,713
Delinquency	2,267,293	764.678	375.181	272 002	4 000 440	
Failure to pay	4.680.681	368.485			1.892,112	492,676
Federal tax deposits.			835,546	136.258	3,845,135	232,227
	3,545,691	2,612,727	726,335	1,206,943	2,819,356	1,405,784
Bad check	113,285	2,684	4,457	216	108.828	2,468
Fraud	704	2.316	8	19	696	2.297
Other	3.377	3.392	1.320	1.577	2.057	1.815
Total	10.611.031	3,754,282	1.942.847	1,617,015	8.668.184	2,137,267
KCISO*		**********	.,,,	1,011,010	0.000,100	2,107,207
Delinquency	149.131	40 430	22.251	13.993	100 000	
Daily delinquency	40.713	57.703	30.244		126.880	26,437
Failure to Day	235.042			52,363	10,469	5,340
		20,799	50,131	12,735	184,911	8,064
Federal tax deposits.	50.020	75,432	9,422	40,677	40.598	34,755
Bad check	4,186	121	349	79	3.837	42
Fraud	887	10.114	206	241	681	9.873
Other	205	3,107	44	1.384	161	1.723
Total	480.184	207,706	112,647	121.472	367.537	
state and Gift	-51,161	207,700	112,047	181,412	166,106	85,234
Delinquency	6.354	47.221	2 409	20.005		
Failure to pay				39.835	3,945	7,386
Ond short	8.800	25,330	4,910	20,571	3,890	4,759
Bad check	203	112	34	47	169	65
Fraud	10	273	3	29	7	244
Negligence	34	337	5 .	62	29	275
Other	264	1 403	72	380	192	1.023
Total	15.665	74.676	7.433	60,924		
II Other	10,000	14,010	7,400	60,924	8,232	13,752
Delinquency	208.676	509.405	*** ***			
Failure to pay			112,635	475,935	96,041	33,470
	144,857	13,541	47.582	8,802	97,275	4.739
Bad check	2,882	161	188	20	2.694	141
Negligence	79	479	24	232	55	247
Missing information	10.607	35 702	5.701	19.483	5.106	16.219
Other	140	525	3,751	154	126	
Total	367.441	559.813	166 144	504.626		371
on-return*	180.326	2,603,812			201,297	55,187
ital, all civil penalties			68,275	1,174,652	112,051	1,429,160
	26,589,303	10,911,499	3.562.997	4,858,524	23.026.306	6.042,975

Table 15. - Appeals workload not before the tax court (nondocketed)

	Number	of cases'
	1987	1988
Received	60,199	57,36
Regular work Tax shetters	39,738 20,461	36,942 20,423
Disposed of try agreement	45,441	49,129
Regular work Tax shehers	29,201 16,240	34,649 14,480
Disposed of as unagreed?	2,808	3,037
Regular work Tax shetters	2,765 43	2,697

^{1.}A case represents tappayers grouped together by tax periods with common or related issues that may be considered and disposed of together.

2 Cases concluded in the 1ax Court in response to a notice of deficiency issued by Appeals are not included because they remain inventory, merely shifting from noticitients on deviced status, Henney-such cases are considered unarpered for purposes of continuing a nonotocitient and generate rate of 85 servent.

NOTE: Windows shown to FY 1987 has been adjusted to include recents (10.756) and disposate (6.475) of penalty appeal and employee planetempt or granuation cases so as to create compacitability with FY 1988 data.

Note: With the exception of estimated tax, assessments and abatements can apply to any tax year.

I includes taxapyer identification number, failure to report tips, miscellaneous and false withholding.

I cluddes forms 19(1), 94(1), 94(2), 94(2), 94(1),

Table 16. — Appeals workload petitioned to the tax court (docketed)

	Number	of cases ¹
	1987	1988
Received	40,491	31,298
Regular work Tax shelters	22,685 17,806	21,754 9,544
Dispessed of by agreement	31,412	36,005
Regular work Tax shelters	17. 859 13.553	21,662 14,343
Oisposed of as exagraed?	3,997	5,145
Regular work Lur sheters	3,012 985	3,798 1,347

A case represents taxayers grouped together by tax periods with common or related issues that may be considered and disposed of together.

2 Cases occlusted in the Tax Court in response to a notice of debicency issued by Appeals that are subsequently that or settled by Coursel are included. However, they are excluded in computing a 90.7 percent dockated agreement rate because they were always considered as unagreed for purposes of computing the nondockated agreement rate.

Table 17. — Requests for employee plans and exempt organizations tax rulings and technical advice (closings)

Bubject	Yetal	Taxpayers' requests for tax ratings	Field requests for technical advice
Total Actuarial matters Exempt organizations Employee plans Employ	6,123	5,786	417
	25	21	4
	4,154	3,834	320
	1,944	1,851	93

Table 18. — Determination letters issued on employee retirement income security act employee benefit plans

Letters issued	Stock benus	Money purchase	Terget benefit	Profit sharing	ESOP	Total defined contribution	Defined benefit	Total
Initial qualifications: Qualified Participating employees** Not qualified	475 (219.063)	11,509 (321,464) 6	673 (9.680)	33,517 (2,405,932) 10	(43,354) 0	46,256 (2,999,503) 18	16,812 (1,568,008) 3	63,068 (4,567,511) 21
Amendments: Qualified	751 0	12.879 6	417 0	28.542 11	54 0	42,643 17	21,883 3	64.526 20
Terminations: Qualified	13 0	4,406	28 0	8,303 12	:	12,750 16	11,573	24,323 19
Total Qualified Not qualified	1,239	28,794 16	1,118	70,362 33	136 0	101,649 51	50,268 9	151,917 60

The termination reporting system does not distinguish between stock bonus and ESOP plans.
 These figures may include employees that are counted as participants in more than one plan.

Table 19. — Number of exempt organizations returns examined by type

Section 501(c)(3)	Private loundation Nonexempt chantable trusts	2,21 16
501(c)(3)	All others	2,71
501(c)(5)	Civic leagues, social welfare Labor, agriculture, horticulture	51 1.35
501(c)(6)	Business leagues Social and recreational club	2.14
501(c)	All others Farmers' cooperatives	1.75
TUTAL		11.00

Table 20. – Number of active entities on exempt organizations master file

	1987	198
ection 501(c):		
(1) Corporations organized under act of Corporess	24	
(2) Titleholding Corps	5.977	6.0
(3) Relicious charitable etc	422.103	447.5
(4) Social wettare	138.485	138.4
(5) Labor agriculture prograzations	75.238	73.2
(6) Business leagues	59.981	61.2
(7) Social and recreation clubs	60 146	60.8
(8) Fraternal beneficiary societies	98.979	99.5
(9) Voluntary employees' beneficiary societies	10,927	12.3
(10) Domestic traternal beneficiary societies	17.813	18,5
11) Teachers' retirement funds	11	,.
12) Benevolent life insurance assns.	5.572	5.6
13) Cemetery companies	7.942	8.1
14) Credit unions	6.652	6.7
15) Mutual insurance companies	950	1.0
15) Gorps, to finance crop operation	18	1,0
17) Supplemental unemployment benefit trusts	728	7
17) Supplemental distribution from the state of the state	720	,
19) War veterans' organizations	24.749	26.1
	210	20,
20) Legal service organizations 21) Black lung trusts	210	
	21	
22) Multiemployer pension plans	Ų	
23) Veterans associations founded prior to 1880	ŭ	
24) Trusts described in section 4049 of ERISA	· ·	
(25) Holding companies for pensions etc.	.0	
(d) Religious and apostolic organizations		
H(e) Cooperative hospitals	80	
N(I) Coop. service orgs. of eperating educational orgs.	1	
T(k) Treatment of certain organizations providing child care		
1 Fermers' cooperatives	2,405	2,3
zable termers' cooperatives	3,150	3,3
snezempi charitable trusts	36,421	39,8
TOTAL	978,676	1,012,3

^{*} All section 501(c)(3) organizations are not included because certain organizations, such as churches, integrated auxiliaries, subordinate units and conventions or associations of churches, peed not spok for recognition of exemptions units they desire a price.

Table 21. — Disposal of exempt organizations applications

	Applic	ations for determin	ution .	
	Approved	Denied	Other '	Tota
Section 501(c):				
(1) Corporations organized under act of Congress	0	0	1	1
(2) Titleholding corps	171	2	133	306
(3) Religious, chantable, etc	30.498	330	11.354	42.182
(4) Social weltare	2.225	42	794	3.061
(5) Labor, agriculture organizations	461	- 5	140	606
(6) Business leagues	2.021	45	519	2.585
(7) Social and recreation clubs	1.342	22	832	2.218
(8) Fraternal beneficiary societies	25	7	35	1.263
(9) Voluntary employees' beneficiary societies	1.366	÷	1.427	2.795
(10) Domestic fraternal beneficiary societies	40	,	1,422	2.78
(11) Teachers' retirement funds	*9	1	20	95
(11) Reachers retirement funds		ų.	_!	
(12) Benevolent lite insurance assns.	151	2	85	238
(13) Cemetery companies	254	Q.	63	317
(14) Credit unions	38	0	0	. 38
(15) Multual insurance companies	148	0	121	269
(16) Corps. to finance crop operation	0	0	D	
(17) Supplemental unemployment benefit trusts	18	0	4	22
(18) Employee funded pension trusts	0	0	1	1
(19) War veterans' organizations	169	0	70	239
(20) Legal service organizations	7	0	8	15
(21) Black lung trusts	1	Ò	ō	
(22) Multiemployer pension plans	ń	Ā	ñ	
(23) Veterans associations founded prior to 1880	ñ	ň	ň	
(24) Trusts described in section 4049 of ERISA	ň	ň	×	,
(25) Holding companies for pensions etc.	×	ž	46	4
501(d) Religious and apostolic organizations	•	×	•••	
501(e) Cooperative hospitals	:		:	''
SOUTH Coop, service orgs, of operating educational orgs	:	:	2	
521 larmers' cooperatives				
Nonexempt charitable trusts	zv		12	34
NOTICE THE CONTRACTOR OF THE STATE OF THE ST	!	0		
National Office rollings and determination letters	2,380	151	631	3,142
TUTAL	41,235	632	16,334	58,301

^{*} Application withdrawn by taxpayer and failure to furnish required information

Table 22. — Internal revenue collections, costs, employees and U.S. population

						Average post	tions resitted	
	Operating cost	Collections	Cost of collecting \$100	Population (thou- sands)	Tax per capita	Total	National Office	Field
Fiscal year	(1)	(2)	(3)	(4)	(5)	(6)	(T)	(8)
1959	355,489,228	79,797,972,806	0.44	177,830	448.73	51.226	2,969	48,257
1960	363,735,359	91,774,802,823	0.40	180,671	507.96	51,047	2,910	48,137
	413,295,238	94,401,086,398	0.44	183,691	513.91	53,206	3,042	50,164
1962	450,080,420	99,440,839,245	0.45	186,538	533.09	56,481	3,401	53,080
	500,804,314	105,925,395,281	0.47	189,242	559.74	59,711	3,657	56,054
1964	549,692,131	112,260,257,115	0.49	191,889	585.03	61.059	3,639	57,220
1965	597,387,471	114,434,633,721	0.52	194,303	588.95	62,098	3,881	58.217
1966	624,861,929	128,879,961,342	0.48	196,560	655.68	63,508	3,982	59,526
1967	667,080,295	148,374,814,552	0.45	198,712	746.68	65,946	3,894	62,052
1968	699,190,304	153,363,837,665	0.46	200,706	765.48	67,574	3,967	63,607
1969	758,785,475	187,919,559,668	0.40	202,677	927.19	66,064	3,862	62,202
1970	886,159,162	195,722,096,497	0.45	204,878	955.31	68.683	4,103	64,580
1971	981,065,297	191,647,198,138	0.51	207,053	925.63	68,972	4,358	64,614
1972	1,127,390,411	209,855,736,878	0.54	208,846	1,004.83	68,549	4,134	64,415
1973	1,162,009,945	207,787,204,058	0.49	210,410	1,130,11	74,170	4,505	69,665
1974	1,312,894,661	268,952,253,663	0.49	211,901	1,269.24	78,921	4,310	74,611
1975 1976 1977 1978	1,584,711,486° 1,667,311,689° 1,790,588,738° 1,962,129,287° 2,116,166,276°	293,822,725,772 302,519,791,922 358,139,416,730 399,776,389,362 460,412,185,013	0.54 0.56 0.50 0.49 0.46	213,559 215,142 217,329 219,033 220,999	1,375,84 1,406,14 1,647,91 1,826,61 2,083,32	82,339 84,264 83,743 85,329 86,168	4,531 4,732 4,994 4,919 4,978	77,808 79,532 78,749 80,410 81,190
1960	2,280,838,622	519,375,273,381	0.44	228,2312	2,275.662	87,464	5,114	82,350
	2,485,468,704	506,799,120,630	0.41	230,5132	2,631.242	86,156	5,110	81,046
	2,626,338,036	632,240,505,595	0.42	232,9622	2,713.922	82,857	5,098	77,759
	2,968,525,840	627,246,792,581	0.47	235,2252	2,666.582	83,605 ³	4,357 ³	79,248
	3,279,067,495	680,475,229,453	0.48	237,4542	2,865.712	87,635 ³	5,327 ³	82,308
1985	3,600,952,523 °	742,871,541,283	0.48	239,7142	3,098.992	92,254	5,454	86,800
1986	3,841,983,050 °	782,251,812,225	0.49	241,9952	3,232.512	95,880	5,361	90,519
1987	4,365,816,254 °	886,290,589,996	0.49	244,3442	3.627.222	102,188	6,253	95,935
1988	5,069,376,692 °	935,106,594,222	0.54	246,590	3,792.15	114,873	6,934	107,939

Table 23. — Costs incurred by the Internal Revenue Service by activity (in thousands of dollars)

	To	tal	Pers. comp.	and benefits	Ot	her
Appropriation by activity	1987	1988	1987	1988	1987	1982
Total obligations, appropriations and reimbursements Obligations against appropriated funds	4,405,115	5,094,348	3,051,431	3,539,210	1,353,684	1,555,138
	4,365,818	5.069,377	3,036,116	3,523,509	1,329,702	1,545,868
Satisries and expenses Tetal Executive direction Management services	90.693	88,151	56.300	55,701	34,393	32,456
	8.330	8,044	5,512	6,495	2,818	1,549
	82,363	80,107	50,788	49,206	31,575	30,901
Processing tax returns Total Returns Processing and Revenue Accounting Computer Services	1,421,112	1,721,665	789,694	979,793	640.418	741,872
	1,056,202	1,247,032	662,982	797,440	393,220	449,592
	364,910	474,633	117,712	182,353	247,198	292,280
Examination and Appears Tell Tell Appeals and last Litigation Employee Plans and Exempt Organizations International	1,631,990	1, 795,055	1,303,682	1,427,143	328,308	368,912
	1,304,179	1,399,341	1,032,387	1,107,070	271,792	292,271
	189,694	241,890	160,797	199,170	28,897	42,720
	104,980	120,988	84,536	96,296	20,444	24,692
	33,137	33,836	25,962	24,607	7,175	9,225
Investigation, Collection and Taxpayer Service bibli the commensuations Collection Taxpayer Service Entocement Ligation and Technical	1,222,023	1,4 63,506	895,440	1,060,872	326,583	402,634
	245,370	261,585	182,015	198,044	63,355	63,541
	660,659	799,814	500,772	585,838	159,887	213,976
	249,606	329,597	153,838	214,375	95,768	115,222
	66,388	72,510	58,815	62,615	7,573	9,895
Reimbursable obligations, Total	39,297	24,971	15,315	15,701	23,982	9,270

Table 24. — Costs incurred by the Internal Revenue Service by office (in thousands of dollars)

	Total	Personnel compensation	Travel	Equipment	Other
internal revenue office, district or region	(1)	(2)	(3)	(4)	(5)
TUTAL INTERNAL REVENUE SERVICE	5,094,348	3,539,210	167,884	174,608	1,212,846
lational Office	1,037,135	360,962	27,927	95,720	552,526
kational Office North-Atlantic Add-Atlantic Southeast	577,410 428,151	450,405 332,080	14,187	6.736	106,082
Vid-Atlantic	428,151	332.080	11,276	13,078	71,717
Southeast	596,484 367,765	466,644 284 625	23,175 14,885	9,033 5,928	97,632 62,327
ACTIVISE	413 823	284,625 327,115	14,917	5.885	65.906
Journals Central Midwest	688,965 657,080	542 036	23 042	5,885 11,171	112,716
	657,080	505,663 112,360	24,364 4,389	13.869	113,184
Regional Appeals Regional Counsel	125,795 90,578	112,360 76,532	4,389 4,395	4,197	4,849 4,624
Regional Inspection	46,621	37,391	4.348	5,027 2,071	2,811
Regional Inspection National Computer Center	1.015	110	4	11 1.882	890
RS Data Cernier	63,526	43,287	975	1,882	17,382
B. REGIONAL COMMISSIONERS' OFFICE (excluding					
district directors' offices and service centers}	356,230	88,660	17,543	15,936	244,091
forth-Attantic	19,922	10,809	1,407	1,575	6,131
Ald-Atlantuc	45,388 54,783	12,134	1,441 1,835	1,186 3,185	30,627 38,289
Southeast Jeritral	43.062	12,134 11,474 12,444 11,805	3.035	1.389	26 104
Vidwest Southwest	44,676	11,805	3,035 1,789	1.175	29.907 50,810
Southwest	72,892	15,080 14,914	3,602 4,434	3,400	50,810 62,133
Nestern	85,507		,	4,026	,
C. DISTRICT DIRECTORS OFFICES AND SERVICE CENTERS	3,353,448	2,819,908	109,303	49,784	385,473
North-Atlantic	557,488	439,595	12,780	5,161	99,951
Albany Augusta Boston	17,414 8,333	13,822 6,430 47,892	902 618	258 158	2,432 1,127
Roeten	65,018	47.802	1,988	749	14 380
Brooklyn Buffalo Burksglon	64,605	51.664	1 504	912	10,525 5,789
Buttalo	64,605 35,260	27,524	1,653 317	204	5,789
Burkington	4,353 31,572	3,332 25,639	1,200	93 304	611
Hartford Manhattan	31,5/2 103,667	25,639 84,669	1,928	304 625	4,429
	* 8.939	7.041	608	635 126 88	18,435 1,164
Providence	9.028	7,271	358	88	1,311
North-Atlantic Region centralized training	603		549		. 54
Portsmouth Providence North-Atlantic Region centralized training Andover Service Center Brockhaven Service Center	97,244	76,329	696 459	938 606	19,281 22,404
	111,452	87,983	409	600	22,404
Mid-Attentie Battimore	382,763	319,946	9,635	11,892	41,090
Battimore	61,555	53,415	1,802	1,462	4,876
Newark Dhitsdelphis	61,555 65,587 57,851	57,195 49,771	1 584	1,658 1,590 ·	4,514 4,906
Pittsburgh	30,389 41,564	25,191	1.029	1,377	2.792
Richmond	41,564	33,219	2.020 1,584 1,029 1,918	1,810	4,617
Wilmington	6,921 9,756	5,480 7,225	331 61	345 172	4,617 765 2,298
Mid Atlantic Region centralized training	9,750 490	1,223	452	1/2	2,290
Mannine Newart Mannine	108,650	88,450	452 638	3,278	16,284
	541,701	455,170	21,340	5,848	59,343
Sertheast Atlanta Birmingham	73,514 19,209	60,230 16,830	3,629	1,163 203 167	8.492
Birmingham	19,209	16,830	1,120	203	1,056
Columbia	14,678	12,518 45,017	1,074 2,705	167	919 5.048
Cotumbia For Lauderdale Greensboro	53,296 32,388 13,503	28,153	2,041	526 453 144	1 731
Jackson Jacksonville	13,503	11,458	995	144	1,731
Jacksonville	58,638	47.249	2,498	624	8.267 794
Little Rock Nashville	13,692	11,582 32,238	1.175	141 479	794
New Orleans	40,121 32,497	27,242	2,109 2,290	614	5.295 2.351
Southeast Region centralized training	932	_	2,290 830		2.351 102
New Orleans Southeast Region centralized training Attents Service Center Memphus Service Center	106,505	91,440	452	699 625	13,914
	82,728	71,213	422		10,468
Central Cnotonati Cleveland Detroit	324,703	272,181	11,850	4,539	38,133 3,724 5,119
Chesters	44,360 46,583	38,580 39,199	1,719 1,790	337 475	3,724
Detroit	46,363 66,457	39,199 58,478	2 044	959	6,076
incuanapoes	40.671	56,478 33,151	2,944 2,062	390	5.068
	19,729	16.526	1.339	164	1 700
Franciscus Commissione Deceasing Contra	11,160 678	9,363 619	838	169	790
Central Region centralized training	684	910	38 593 527		91
Dodsmith Spring Street Community Comparison of Contral Region centralized training Command Service Center Community Co	94,381	78,265	527	2,038	13,551
Midwest Abriden Abriden Chtapo Des Midres Fargo	369,147	315,310	13,128	4,710	35,999
Aberdeen	5.073	4,101	452	218 600 178	302
Des Minimes	97,488	86,787 14,547	2,892 988	179	7,209
Fargo	17,200 5,500	4 609		127	1,000
Helena	17,268 5,590 6,468	5,594 24,495	494 505	47	1,555 360 322
Helena Miwasioe Omaha	29,028 12,969	24,495	1,315 597	127 47 551 252	
Umana St. Louis	12,969	10,853 38,185	597	252	1,267 3,978
St. Louis St. Paul	45,060 35,853	38,185 30,758	1,996 1,614		3,978
Springfield	15,626	13,406	972	272 133	3,209 1,115
	8.814	6,598	131	206	1,879
Midwest Region centralized training karisas Ory Service Center freasury Compliants Processing Center	657	· -	606	_	51
Traction Complaints Processing Center	88,634 619	74,856 511	488	1,224	12,056

Table 24. — Continued (in thousands of dollars)

Beathwest 10.445 \$585 701 70 Alboparrobe 13.36 37.79 2.205 347 Alugar 6.046 4.505 645 222 Cheyerine 10.991 85.06 4.22 1.001 Usbs 4.7715 1.887 410 Usbs 4.7715 40.775 1.887 410 Houstin 66.03 60.538 1.990 964 Obtainers 22.540 22.192 22.192 98.96 Phoeits 23.540 21.91 1.02 102 Sal Lab Gty 11.00 15.703 1.072 137 Valuation Service Conditions Processing Center 605 630 1.43 2 Redunced Region centralized training 1.392 - 1.095 - 1.095 Australia Service Center 92.270 75.421 577 1.315	577 3.025 574 8.961 4.643 6.207 1,719 2.590 484 1,040 30 297 14.957
Austin 4,3,581 31,782 225 222 225 225 225 225 225 225 225 2	574 8,961 4,643 6,207 1,719 2,590 484 1,040 30 297
Allean	8,961 4,643 6,207 1,719 2,590 484 1,040 30 297
Depart 00.081 85.506 4.22 1.001	4,643 6,207 1,719 2,590 484 1,040 30 297
Datas 47,715 40,775 1887 410	6,207 1,719 2,590 464 1,040 30 297
Denmer 59 (23) 693 538 1 590 904	6,207 1,719 2,590 464 1,040 30 297
Nousian 27, 500 28,159 1588 964 100 100 100 100 100 100 100 100 100 10	1,719 2,590 484 1,040 30 297
Oblitations City 25 862 24 485 1 282 225 Phoesis 21 802 24 485 1 282 225 Sal Las City 100 10 144 655 137 Sal Las City 15 700 10 72 137 Wicklist 805 650 143 2 Instanty Complaints Processing Center 1 382 - 1 095 - Southwest Report centralized training 92 2710 75 421 517 1.315	2,590 484 1,040 30 297
Phperis 11.00 10.14 655 137 Wilchild Corp. 15.00 10.144 655 137 Wilchild Corp. 15.00 10.145 137 Wilchild Corp. 15.00 10.145 13.00 1	484 1,040 30 297
Saft Lask Ony 11,400 10,100 10	1,040 30 297
18,042 13,793 1,072 13,792 1,072 13,792 1,072 13,792 1,072 13,792 1,072 13,792 1,072 14,79	30 297
Treasury Complaints Processing Center 1,392 - 1,095	297
Southwest Reprin centralized training 92,210 75,421 517 1.315	
Societies Parise	
	15,530
Under Service Letter	1.292
Austin Compliance Center 37,425 34,665 272 970	.,
571,573 490,749 19,930 9,843	51.051
Western	1,106
Anchorage 7.00 640 272	668
	522
Unadado 10,350 9,213 497 116	7.064
109./65 94,045 2,000 2,107	10,019
21./64 17,997 1,194 307	2,216
	1,213
LES V6025	1,683
Sacramento	6.328
San Francisco	2 448
San Jose	3.402
	107
Martin Region controlled training	13,615
Freeno Service Canter 120,000 112,740	
Survey Complainte Dengarring Carrier 90	12
Ressury Companies Processing Genter 2.152 1,330 40 334	448

Note: Reimbursements are included in the above figures.

Table 25. — Personnel summary

	Average real		Number of at close	
ocation and type	1987	1988	1987	1988
lervice total	102,774	115.494	114,918	123,198
ervice total	93.180	110 921	107.968	113,219
Permanent	3.594	4.573	6.050	9.979
Temporary	4.395	7.079	7.054	7.964
ational Office	98.379	108,415	108.964	115.234
egional Offices1	21.689	35,244	36 006	38.225
sta Processing Operations	15 265	18.545	17.429	19.481
discisa		8 238	7.470	B.412
Revenue officers	7,229			11.069
Other	9,036	10,308	9,959	11,063
renever Service	8.005	7,853	7,308	8,041
EXPONER SERVICE	737	1.737	864	1,187
Taxpayer service specialists	1.657	2.194	1.883	2.570
Taxpayer service representatives	3,611	3.922	4.565	4.284
Other	3,011	3,524	4,001	
	29.243	31.895	31,112	32,863
namination	14 944	16.559	16 109	17.32
Revenue agents	3.105	3 242	3.138	3,569
Tax auditors	11.194	12 094	11.875	11.97
Other	11,194	12.054	11,013	
Impleyee Plans/Exempt Organizations	2.311	2,562	2,409	2,75
EP/EO technicals	1,303	1.487	1,325	1,54
EP/EO technicais	1.008	1.075	1,064	1,20
Other	.,			
lanealt	2,503	2,865	2,753	2,98
(ppess	1.167	1,291	1,242	1,33
Appeals officers	193	211	207	22
Auditors	1.143	1.363	1.304	1.42
Other	1,140	.,		
by Fract	4.074	4.460	4,480	4,63
DIX Franci	2.715	2.881	2,823	3,01
Special agents	1.359	1.579	1.637	1,61
Other	1,333	1,575	.,	
Executive Direction	120	131	133	14
Execute Observe	1.765	1,772	2,454	2,65
Management Services	4.586	5.480	5.3t0	6,28
Resources Management	2.521	2,939	2.820	3.05
Coursel	994	1.097	1.068	1.15
Inspection	694 695	650	735	71
interruptions ¹⁷	620	630	140	

Note: Reimbursements are included in the above figures.

Includes National Computer Center and the Detroit Data Center,

International was formed during FY 1987.

Table 26. — Chief Counsel cases received

	Tax cos	ari cases			
	Small tax cases	Other than small cases	Total	General legal services	Refund litigation
1983 1984 1985 1986 1986 1987	10.036 12.263 14.884 14.587 14.230 12.249	22,574 27,670 34,258 34,200 29,266 19,451	32,610 39,933 49,142 48,787 43,496 31,700	3.672 4.335 4.841 5.126 5.743 6.181	961 984 1,023 1,454 1,085 1,141

Received statistics are not numbers, i.e., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.

Table 27. — Chief Counsel receipt and disposal of cases

Division	Types of cases	Pending Oct. 1, 1987	Received	Disposed	Pendin Sept. 30, 198
	Disclosure opinions	151	316	265	200
	FOIA opinions	11	33	33	-1
	Privacy Act opinions	_7	30	28	
	FOIA litigation	57	24 10	45	3
	Privacy Act litigation Section 7217 litigation	24	10	19 0	ĭ
Discinsures	Section 7431 ktigation	29	12	20	2
Utigations	Litigation/coordinations	ti	27	30	•
	Appellate ktigation	29	19	20	2
	FORA requests	118	153 799	. 90	18
	FOIA appeals	620	799	971	44
	Privacy Act requests	1	2	2	
	Privacy Act appeals	2	1	3	
	Total	1,051	1,432	1,526	967
Employee beaefits and exempt	t and the				
oruanizations?	Legislation Regulations	. 6 75	0	3 13	_3
ordautraments.	negalations	75	0	13	6
	Total	81	0	16	61
	Bankruptcies	11,941	15,774	14.821	12.894
	Non-bankruptcy insolvencies	131	94	102	122
	Decedents: incompetents	339	208	214	33 1,94
	Collection suits (U.S. Plaintiff)	2,039	3.240	3.333	1,948
	Suits against U.S. Foreign documents requests	2,139	1,643	1,773	2,009
	Tax return preparers	122	. 6 11	5 93	4
	Summons enforcement	5.563	6.413	7.167	4.809
General	Disclosure, FOIA & privacy acts	163	453	456	160
litigation	Advisory apinians	1.580	5,645	5,703	1,522
	Total, all regions ³	24,021	33,487	33,667	23,841
	National Office:				
	Appeals	368	298	372	294
	Advisory	139	520	505	154
	Other centralized cases	21	12	13	20
	Total, National Office	528	830	890	468
	Total, all regions ² & National Office	24,549	34,317	34,557	24,309
	Revenue rulings	114	265	379	
uterpretative ⁵	Letter fullings	26	22	48	ā
amplemnas.	Technical advice	12	7	19	0
	Advisory opinions Litigation advice	16 34	18 75	.34	9
				109	
	Total	202	387	589	
egistation &	Legislation	35	.0	6	29 350 83
regulations	Regulations Miscrettoneous	354	61	65	350
	Miscellaneous	82	52	51	. 83
	Total	471	113	122	452

Received datastics are net numbers (a., actual number of cases received plus or minus transfers and adjustments to prior years' receipts.
Companyer Benefits and Exempt Organizations was established on January 1, 1988, as a result of combining work and employees from the Company of the Comp

OFFICIALS

COMMISSIONERS OF INTERNAL REVENUE

Office of Commissioner of Internal Revenue created by Act of Congress, July 1, 1862. GEORGE S. BOUTWELL Massachusetts July 17, 1862/March 4, 1863 IOSEPH J. LEWIS Pennsylvania March 18, 1863/June 30, 1865 WILLIAM ORTON New York July 1, 1865/Oct. 31, 1865 EDWARD A. ROLLINS New Hampshire Nov. 1, 1865/March 10, 1869 COLUMBUS DELANO Ohio March 11, 1869/Oct. 31, 1870 ALFRED PLEASONTON New York Jan. 3, 1871/Aug. 8, 1871 IOHN W. DOUGLASS Pennsylvania Aug. 9, 1871/May 14, 1875 DANIEL D. PRATT Indiana May 15, 1875/July 31, 1876 GREEN B RAUM Aug. 2, 1876/April 30, 1883 WALTER EVANS Kentucky May 21, 1883/March 19, 1885 IOSEPH S. MILLER West Virginia March 20, 1885/March 20, 1889 IOHN W. MASON West Virginia March 21, 1889/April 18, 1893 IOSEPH S. MILLER West Virginia April 19, 1893/Nov. 26, 1896 W. ST.JOHN FORMAN Illinois Nov. 27, 1896/Dec. 31, 1897

March 1, 1899/Nov. 27, 1900 JOHN W. YERKES Kentucky Dec. 20. 1900/April 30. 1907 IOHN G. CAPERS South Carolina lune 5, 1907/Aug. 31, 1909 ROYAL E. CABELL Virginia Sept. 1, 1909/April 27, 1913 WILLIAM H. OSBORN North Carolina April 28, 1913/Sept. 25, 1917 DANIEL C. ROPER South Carolina Sept. 26. 1917/March 31, 1920 WILLIAM M. WILLIAMS Alabama April 1, 1920/April 11, 1921 DAVID H. BLAIR North Carolina May 27, 1921/May 31, 1929 ROBERT H. LUCAS Kentucky June 1, 1929/Aug. 15, 1930 DAVID BURNET Ohio Aug. 20, 1930/May 15, 1933 GUY T. HELVERING Kansas June 6, 1933/Oct. 8, 1943 ROBERT E. HANNEGAN Missouri Oct. 9, 1943/Jan. 22, 1944 IOSEPH D. NUNAN, JR. New York March 1, 1944/June 30, 1947 GEORGE I. SCHOENEMAN

Rhode Island

Texas

JOHN B. DUNLAP

July 1, 1947/July 31, 1951

Aug. 1, 1951/Nov. 18, 1952

NATHAN B. SCOTT

GEORGE W WILSON

lan. 1, 1898/Feb. 28, 1899

West Virginia

T COLEMAN ANDREWS Virginia Feb. 4, 1953/Oct. 31, 1955 RUSSELL C. HARRINGTON Rhode Island Dec. 5, 1955/Sept. 30, 1958 DANA LATHAM California Nov. 5, 1958/Jan. 20, 1961 MORTIMER M. CAPLIN Virginia Feb. 7, 1961/July 10, 1964 SHELDON S. COHEN Maryland lan 25, 1965/jan, 20, 1969 RANDOLPH W. THROWER Georgia April 1, 1969/June 22, 1971 IOHNNIE M. WALTERS South Carolina Aug. 6, 1971/April 30, 1973 DONALD C. ALEXANDER Ohio May 25, 1973/Feb. 26, 1977 IFROME KURTZ Pennsylvania May 5, 1977/Oct. 31, 1980 ROSCOE L. EGGER, IR. Indiana March 14, 1981/April 30, 1986 LAWRENCE B. GIBBS Tevas Aug. 4. 1986/present WILLIAM E. WILLIAMS of The following served as Acting Illinois

Commissioner holding the office. IOSEPH I. LEWIS of Pennsylvania from March 5 to March 17, 1863 IOHN W. DOUGLASS of Pennsylvania from Nov. 1, 1870 to Jan. 2, 1871 HENRY C. ROGERS of Pennsylvania from May 1 to May 10, 1883, and from May 1 to June 4, 1907 IOHN J. KNOX of Minnesota from May 11 to May 20, 1883 ROBERT WILLIAMS, IR. of Ohio from Nov. 18 to Dec. 19, 1900

Commissioner during periods

when there was no

MILLARD F. WEST of Kentucky from April 12 to May 26, 1921 H F MIRES of Washington from Aug. 16 to Aug. 19, 1930 PRESSLY R BALDRIDGE of lowa from May 16 to June 5, 1933 HAROLD N. GRAVES of Illinois from Ian. 23 to Feb. 29, 1944 IOHN S. GRAHAM of North Carolina from Nov.19, 1952 to Jan.19. HISTIN F WINKLE of New York from lan 20 to Feb. 3, 1953 O GORDON DELK of Virginia from Nov. 1 to Dec. 4, 1955, and from Oct. 1 to Nov 4, 1958 CHARLES I, FOX of Utah from Jan. 21 to Feb. 6, 1961 BERTRAND M. HARDING of from July 11, 1964 to lan. 24, WILLIAM H. SMITH of Virginia from Jan. 21 to Aug. 5, 1971 HAROLD T. SWARTZ of Indiana from June 23 to Aug. 5, 1971 RAYMOND F. HARLESS of California from May 1 to May 25, 1973

from May 1 to Aug. 3, 1986

Lawrence B. Gibbs SENIOR DEPUTY COMMISSIONER Michael J. Murphy (OPERATIONS) Charles H. Brennan (PLANNING AND RESOURCES John L. Wedick, Ir. ASSISTANT TO THE COMMISSIONER Donald T. Rocen ASSISTANT TO THE COMMISSIONER Richard C. Stark ASSISTANT TO THE COMMISSIONER Kenton E. McDonald ASSISTANT TO THE COMMISSIONER (LEGISLATIVE AFFAIRS) Bryan E. Slone Robert F. Hilgen David W. Junkins from Feb. 27 to May 4, 1977. al ASSISTANT TO THE from Nov. 1, 1980 to March 13. COMMISSIONER (EQUAL'EMPLOYMENT IAMES I. OWENS of Alabama **OPPORTUNITY** Hardi L. Jones ASSISTANT TO THE COMMISSIONER (PUBLIC AFFAIRS) Ellen Murphy AFFAIRS DIVISION Gayle G. Morin

INSPECTION

Teddy R. Kern

ASSISTANT COMMISSIONER

PRINCIPAL OFFICERS OF THE INTERNAL REVENUE SERVICE as of September 30, 1988

NATIONAL OFFICE COMMISSIONER

DEPUTY COMMISSIONER DEPUTY COMMISSIONER ASSISTANT TO THE SENIOR DEPUTY COMMISSIONER EXECUTIVE SECRETARIAT DIRECTOR LEGISLATIVE TAXPAYER OMBUDSMAN Damon O. Holmes

DEPUTY ASSISTANT COMMISSIONER Kenneth A. Thompson DIVISION DIRECTORS: INTERNAL AUDIT

Erwin Sobin INTERNAL SECURITY C. Arnold Decker

INFORMATION SYSTEMS DEVELOPMENT

ASSISTANT COMMISSIONER Henry H. Philcox DEPUTY ASSISTANT COMMISSIONER Mark D. Cox DIRECTORS CORPORATE SYSTEMS Margaret O'Rourke DEPARTMENTAL SYSTEMS David Boose INPUT PROCESSING Thomas Dega PLANNING AND PROJECT MANAGEMENT . Clarence Crawford

COMPUTER SERVICES

SYSTEMS ENGINEERING

STANDARDS AND DATA

ADMINISTRATION

AND INTEGRATION

Theodore Gonter

Renee Shaw

ASSISTANT COMMISSIONER Daniel N. Capozzoli DEPUTY ASSISTANT COMMISSIONER Walter A. Hutton, Jr. DIRECTORS: COMPLIANCE SYSTEMS Christopher I. Egger NATIONAL COMPUTER CENTER Martinsburg, West Virginia Stephen J. Stalcup

AND REVIEW STAFF Donald E. Curtis SYSTEMS MANAGEMENT AND OPERATIONS SERVICES John F. Devlin SYSTEMS SUPPORT AND TESTING Ludwig G. Kuttner TAX SYSTEMS Gerald A. Rabe TELECOMMUNICATIONS John T. Blank PROJECT MANAGER OFFICE OF DISASTER RECOVERY Donald D. Roy

PLANNING BUDGETING

TAXPAYER SERVICE AND RETURNS PROCESSING ASSISTANT COMMISSIONER

Dominic E. Pecorella

DEPUTY ASSISTANT COMMISSIONER John T. Ader DIRECTORS: INFORMATION SYSTEMS AND RESOURCES Charles V. Warzecha LECISLATIVE AND MANAGEMENT SUPPORT Edward I. Martin RETURNS PROCESSING AND ACCOUNTING Charles O. Guy STATISTICS OF INCOME Frederick I. Scheuren TAX FORMS & PUBLICATIONS Edmund Goldwag TAXPAYER SERVICE Robert A. LeBaube PROJECT MANAGERS: ELECTRONIC FILING PROJECT OFFICE Richard Moran INTEGRATED MANAGEMENT SYSTEMS PROJECT OFFICE

COLLECTION

Garv L. Brandt

ASSISTANT COMMISSIONER Alvin H. Kolak DEPUTY ASSISTANT COMMISSIONER Paul M. Harrington

EVALUATION AND RESEARCH William Rooney FIELD OPERATIONS Grant A. Newman PLANNING & MANAGEMENT Lewis I. Baurer PROJECT MANAGERS: INTEGRATED COLLECTION SYSTEM STAFF Douglas Firman (acting) CONNECTIVITY PROJECT STAFF Michael L. Sollitto

DIRECTORS:

CRIMINAL INVESTIGATION ASSISTANT COMMISSIONER

Bruce V. Milburn

DEPUTY ASSISTANT COMMISSIONER Brian M. Bruh DIRECTORS: ENFORCEMENT Gregory Zampogna PLANNING & DEVELOPMENT

Warren E. Harrison EXAMINATION ASSISTANT COMMISSIONER David G. Blattner DEPUTY ASSISTANT COMMISSIONER Robert T. Johnson DIRECTORS: COORDINATED **EXAMINATION** Donald H. Anderson DISCLOSURE Carman L. Gannotti **EXAMINATION PLANNING** AND RESEARCH Richard W. Havs EXAMINATION PROGRAMS M. Dianne Grant **EXAMINATION QUALITY**

Leonard N. Hall

EXAMINATION SUPPORT SYSTEMS Manny Ruscheinski PROJECT MANAGER, AUTOMATED EXAMINATION SYSTEM Larry E. Burkey

EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS

ASSISTANT COMMISSIONER Robert I. Brauer DEPUTY ASSISTANT COMMISSIONER Robert F. Withers (Withers also directs the EP/EO Operations Division) DIRECTORS: EMPLOYEE PLANS AND EXEMPT ORGANIZATIONS OPERATIONS Robert E. Withers EMPLOYEE PLANS TECHNICAL AND ACTUARIAL

EXEMPT ORGANIZATIONS

Edward D. Coleman INTERNATIONAL

Martin I. Slate

TECHNICAL.

ASSISTANT COMMISSIONER Donald E. Bergherm DEPUTY ASSISTANT COMMISSIONER Donald L. Houck DIRECTORS INTERNATIONAL PROGRAMS William C. Roth MANAGEMENT, SYSTEMS AND PLANNING Richard Sella

RESOURCES MANAGEMENT Nancy D'Amato TAX ADMINISTRATION

AND COMPLIANCE Thomas Andretta TAX TREATY AND TECHNICAL SERVICES Stanley Novack

ADVISORY SERVICES

Socorro Velazquez

TAXPAYER SERVICE

HUMAN RESOURCES MANAGEMENT & SUPPORT

ASSISTANT COMMISSIONER Michael P. Dolan DEPUTY ASSISTANT COMMISSIONER Orion L. Birdsall, Jr. DIRECTORS: CONTRACTS AND **ACQUISITIONS** Edward I. Curvey FACILITIES AND INFORMATION MANAGEMENT SUPPORT Michael Killfoil HUMAN RESOURCES Helen White NATIONAL OFFICE RESOURCES MANAGEMENT Robert L. Buono

PLANNING, FINANCE AND RESEARCH

PRACTICE

RESEARCH

OFFICERS:

Patrick I. Ruttle

CENTRAL REGION

REGIONAL COMMISSIONER

Leslie S. Shapiro

ASSISTANT COMMISSIONER John D. Johnson DEPUTY ASSISTANT COMMISSIONER Sylvia H. Wren DIRECTORS: DETROIT DATA CENTER Detroit, Michigan Jack L. Schroeder FINANCE Stephen E. Taylor PLANNING Regina M. Deanehan

MID-ATLANTIC REGION Roger L. Plate REGIONAL AND DISTRICT

REGIONAL COMMISSIONER J. Robert Starkey

ASSISTANT REGIONAL

CRIMINAL INVESTIGATION

RESOURCES MANAGEMENT

REGIONAL INSPECTOR

ASSISTANT REGIONAL

ASSISTANT REGIONAL

INTERNAL SECURITY

DISTRICT DIRECTORS:

Harold J. Michaels

CINCINNATI, OH

Jack Chivatero

DETROIT, MI

John O. Hummel

INDIANAPOLIS, IN

William M. Jacobs

LOUISVILLE, KY

William E. Palzkill

Ronald W. Kirby

SERVICE CENTER

Frederic P. Williams

PARKERSBURG, WV

DIRECTOR, CINCINNATI

Harold M. Browning

CLEVELAND, OH .

COMMISSIONERS:

Robert G. Phillips

DATA PROCESSING

COLLECTION

Inar Morics

Bruce L. Pitt

Paul C. Lally

Jon R. Swan

John A. Gibson

INTERNAL AUDIT

INSPECTOR

INSPECTOR

Edward L. Ball

EXAMINATION

ASSISTANT REGIONAL COMMISSIONERS: COLLECTION Leroy C. Gay CRIMINAL INVESTIGATION Thomas A. Wise DATA PROCESSING Donald N. Spagnuolo **EXAMINATION** lack Cheskaty

RESOURCES MANAGEMENT Pam Bigelow REGIONAL INSPECTOR 4

Benjamin I, Redmond ... ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT Walter D. Duvall ASSISTANT REGIONAL INSPECTOR

INTERNAL SECURITY William Gill DISTRICT DIRECTORS:

John J. Jennings

BALTIMORE, MD Phil Brand NEWARK, NI

PHILADELPHIA, PA Gary H. Matthews PITTSBURGH, PA George A. O'Hanlon RICHMOND, VA Jack G. Petrie WILMINGTON DE Joseph F. Kump

DIRECTOR, PHILADELPHIA SERVICE CENTER Joseph H. Cloonan

MIDWEST REGION

James A. Grant

EXAMINATION

Leon Moore

REGIONAL COMMISSIONER Elmer W. Kletke ASSISTANT REGIONAL COMMISSIONERS: COLLECTION Allen G. Woodhouse CRIMINAL INVESTIGATION Donald K. Vogel DATA PROCESSING

RÉSOURCES MANAGEMENT lack E. Shank REGIONAL INSPECTOR Ronald I. Lambert ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT Harry B. Odom ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY James E. Benham DISTRICT DIRECTORS: ABERDEEN, SD David H. Reizes CHICAGO, IL Richard S. Wintrode, Jr. DES MOINES, IA Herma J. Hightower FARGO, ND Brian T. Wellesley HELENA, MT Arnold D. Wiley MILWAUKEE, WI Lawrence M. Phillips OMAHA, NE Mitchell E. Premis SPRINGFIELD, IL Ira S. Loeb ST. LOUIS, MO Ralph F. Shilling ST. PAUL, MN C. Dudley Switzer DIRECTOR, KANSAS CITY SERVICE CENTER

NORTH-ATLANTIC REGION

Everett Loury

REGIONAL COMMISSIONER Cornelius I. Coleman ASSISTANT REGIONAL COMMISSIONERS: COLLECTION Eugene P. Pfeiffer CRIMINAL INVESTIGATION Michael Orth DATA PROCESSING Francine Crowley EXAMINATION Marshall V. Washburn RESOURCES MANAGEMENT Arlene G. Kav

REGIONAL INSPECTOR Joseph F. Reinbold ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT Patrick J. McCool ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY William R. Morrison DISTRICT DIRECTORS: ALBANY, NY Edwin A. Kelleher AUGUSTA ME Richard E. Simko BOSTON, MA Gerald R. Esposito BROOKLYN, NY Eugene D. Alexander BUFFALO, NY Donald Mitgang BURLINGTON, VT Stephen L. Daige HARTFORD, CT lames E. Quinn MANHATTAN, NY Robert Mirsberger PORTSMOUTH, NH John I. Dunne PROVIDENCE, RI Malcolm A. Liebermann DIRECTOR, BROOKHAVEN SERVICE CENTER Bobby G. Hughes DIRECTOR, ANDOVER SERVICE CENTER Thomas M. Quinn SOUTHEAST REGION REGIONAL COMMISSIONER

Thomas A. Cardoza ASSISTANT REGIONAL COMMISSIONERS: COLLECTION Charles G. Hoyle CRIMINAL INVESTIGATION David B. Palmer DATA PROCESSING Henry E. Leech, Jr.

EXAMINATION EXAMINATION Guerry G. Notte James R. Kopidlansky RESOURCES MANAGEMENT RESOURCES MANAGEMENT Lee R. Monks James A. Lindsey REGIONAL INSPECTOR REGIONAL INSPECTOR Billy G. Morrison ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT Lawrence A. Grant ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY William F. Coady DISTRICT DIRECTORS: ATLANTA. GA Paul D. Williams BIRMINGHAM, AL Philip I. Sullivan COLUMBIA, SC Donald L. Breihan FT. LAUDERDALE, FL. Merlin W. Heve GREENSBORO, NC John E. Burke IACKSON, MS Tully Miller IACKSONVILLE, FL lames J. Ryan LITTLE ROCK, AK William F. Barlow NASHVILLE, TN

Derle Rudd ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT Don Ford ASSISTANT REGIONAL INSPECTOR INTERNAL SECURITY John Dietz DISTRICT DIRECTORS: ALBUQUERQUE, NM William M. Wauben AUSTIN, TX Richard R. Orosco CHEYENNE, WY Conrad L. Clapper DALLAS, TX Gary O. Booth DENVER, CO Gerald F. Swanson HOUSTON, TX Arturo A. Jacobs OKLAHOMA CITY, OK Kenneth J. Sawyer PHOENIX, AZ Prescott A. Berry SALT LAKE CITY, UT Carol M. Fay WICHITA, KS Clarence M. King, Jr. DIRECTOR, AUSTIN COMPLIANCE CENTER Robert D. Ah Nee DIRECTOR, AUSTIN SERVICE CENTER Larry G. Westfall DIRECTOR, OGDEN SERVICE CENTER Robert E. Wenzel

Raymond P. Keenan SOUTHWEST REGION

Glenn Cagle

NEW ORLEANS, LA

DIRECTOR, ATLANTA

DIRECTOR, MEMPHIS

John C. Wendorff

SERVICE CENTER

SERVICE CENTER

Michael R. Allen

REGIONAL COMMISSIONER Richard C. Voskuil

ASSISTANT REGIONAL COMMISSIONERS: COLLECTION lack L. Miller CRIMINAL INVESTIGATION Ronald J. Eatinger DATA PROCESSING Charles I. Peoples

WESTERN REGION

REGIONAL COMMISSIONER Thomas P. Coleman ASSISTANT REGIONAL COMMISSIONERS:

COLLECTION lames D. Helm

CRIMINAL INVESTIGATION Paul Mivahara DATA PROCESSING

Fredric F. Perdue EXAMINATION

Wayne R. Thomas RESOURCES MANAGEMENT

Vacant REGIONAL INSPECTOR

Aldwyn K. Hyatt ASSISTANT REGIONAL INSPECTOR INTERNAL AUDIT

Carv D. Bell ASSISTANT REGIONAL

INSPECTOR INTERNAL SECURITY Kenneth Davidson

DISTRICT DIRECTORS: ANCHORAGE, AK

Robert Brock BOISE ID

Douglas A. Holm HONOLULU, HI

Billy J. Brown LAGUNA NIGUEL, CA Michael J. Quinn

LOS ANGELES, CA

Frederick C. Nielsen

PORTLAND OR

Carolyn K. Leonard

LAS VEGAS, NV Jesse A. Cota

SACRAMENTO CA Raymond A. Spillman

SAN FRANCISCO, CA Francis S. Miceli

SAN JOSE, CA

Calvin Esselstrom SEATTLE, WA

Woodrow D. Malone DIRECTOR

FRESNO SERVICE CENTER Theron C. Polivka

CHIEF COUNSEL FOR THE INTERNAL REVENUE SERVICE

WALTER H SMITH/1866 WILLIAM MCMICHAEL/1871 CHARLES CHESLEY/1871 THOMAS I. SMITH/1888 ALPHONSO HART/1890 ROBERT T. HOUGH/1893 GEORGE M. THOMAS/1897 ALBERT W. WISHARD/1901 A.B. HAYES/1903 FLETCHER MADDOX/1908 ELUS C. IOHNSON/1913 A.A. BALLANTINE/1918 D.M. KELLEHER/1919 ROBERT N. MILLER/1919 WAYNE IOHNSON/1920 CARL A. MAPES/1920 NELSON T. HARTSON/1923 ALEXANDER W. GREGG/1925 CLARENCE M. CHAREST/1927 E. BARRETT PRETTYMAN/1933 ROBERT H. IACKSON/1934 MORRISON SHAFORTH/1936 JOHN P. WENCHEL/1937 CHARLES OLIPHANT/1947 CHARLES W. DAVIS/1952 DANIEL A. TAYLOR/1953 JOHN POTTS BARNES/1955 NELSON P. ROSE/1957 ARCH M. CANTRALL/1958 HART H. SPIEGEL/1959 CRANE C. HAUSER/1961 SHELDON S. COHEN/1964 MITCHELL ROGOVIN/1965 LESTER R. URETZ/1966 K. MARTIN WORTHY/1969 LEE H. HENKEL, IR./1972 MEADE WHITAKER/1973 STUART E. SEIGEL/1977 N. JEROLD COHEN/1979 KENNETH W. GIDEON/1981

FRED T. GOLDBERG, JR./1984

WILLIAM F. NELSON/1986

The following were Acting Chief Counsel during periods when there was no Chief Counsel holding the office: JOHN W. BURRUS

from March 2 to Nov. 30, 1936 MASON B. LEMING from Dec. 6, 1951 to May 15, 1952

KENNETH W. GEMMILL from June 11 to Nov. 8, 1953

RUDY P. HERTZOG from Dec. 1, 1954 to MAY 8, 1955, and from lan. 20 to Aug. 16, 1961. and from Sept. 1, 1963 to

Jan. 5, 1964

HERMAN T. REILING from Jan. 19 to March 13, 1957 and from Aug. 31 to Sept. 20.

RICHARD M. HAHN from lan, 20 to lune 25, 1969 LEE H. HENKEL, IR. From Jan. 16 to June 11, 1972

LAWRENCE B. GIBBS from April 17 to Oct. 19, 1973 CHARLES L. SAUNDERS IR. from Jan. 20 to April 15, 1977 LEON G. WIGRIZER

from April 16 to June 23, 1977 LESTER STEIN from lune 1 to Nov. 16, 1979

JEROME D. SEBASTIAN from Jan. 21 to Feb. 2, 1981 and from March 30 to Aug. 14,

EMORY L. LANGDON from Feb. 3 to March 29, 1981

JOEL GERBER from May 28, 1983 to March 17, 1984

V IEAN OWENS from March 14 to July 27 1986 NOTE:

From 1866 to 1926, the chief legal officer for the Internal Revenue Service was known as the Solicitor. For the next eight years, 1926 to 1934, he had the title of General Counsel for the Bureau of Internal Revenue. Since 1934, he has operated under the title of

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ASSOCIATE CHIEF COUNSEL

(FINANCE AND

MANAGEMENT

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GENERAL LEGAL SERVICES William F. Long, Ir. GENERAL LITIGATION

Arnold E. Kaufman INDIVIDUAL TAX Mario E. Lombardo

INTERPRETATIVE Paul F. Kugler

LEGISLATION AND REGULATIONS Donald E. Osteen

> TAX LITIGATION Mariene Gross

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DEPUTY REGIONAL COUNSEL (GENERAL LITIGATION)

Robert M. Venable DEPUTY REGIONAL

COUNSEL. (TAX LITIGATION) Mary Helen Weber

ASSISTANT REGIONAL COUNSEL (GENERAL LEGAL SERVICES)

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Appeals-Raymond H. Fehribach

DETROIT, MI Counsel-Charles S. Stroad Appeals-Zora S. Hargrave INDIANAPOLIS, IN Counsel-Ross E. Springer Appeals-Gerald W. Wendel LOUISVILLE, KY

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PHILADELPHIA PA Counsel-H. Stephen Kesselman Appeals-Thomas G. Spaccarelli PITTSBURGH, PA

Counsel-Edward Peduzzi Appeals-Thomas E. Douglas RICHMOND, VA Counsel-Marion B. Morton Appeals-John D. Piper WASHINGTON, DC Appeals-Thomas L. Kruse

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Counsel-Melvin E. Lefkowitz

MIDWEST REGION

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Counsel-Richard A. Witkowski Counsel-Robert F. Cunningham

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SOUTHEAST REGION

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Appeals-Wayne A. laggers SOUTHWEST REGION

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Appeals-Robert B. Stipek **WESTERN REGION**

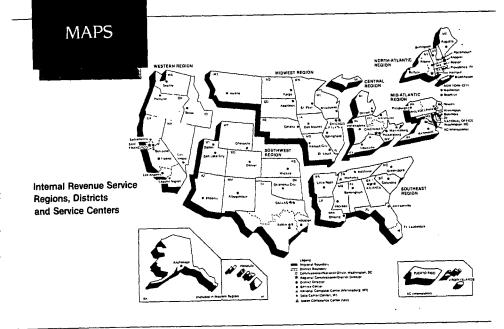
SALT LAKE CITY, UT

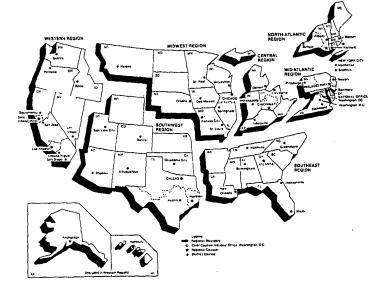
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Counsel-Marion K. Mortensen

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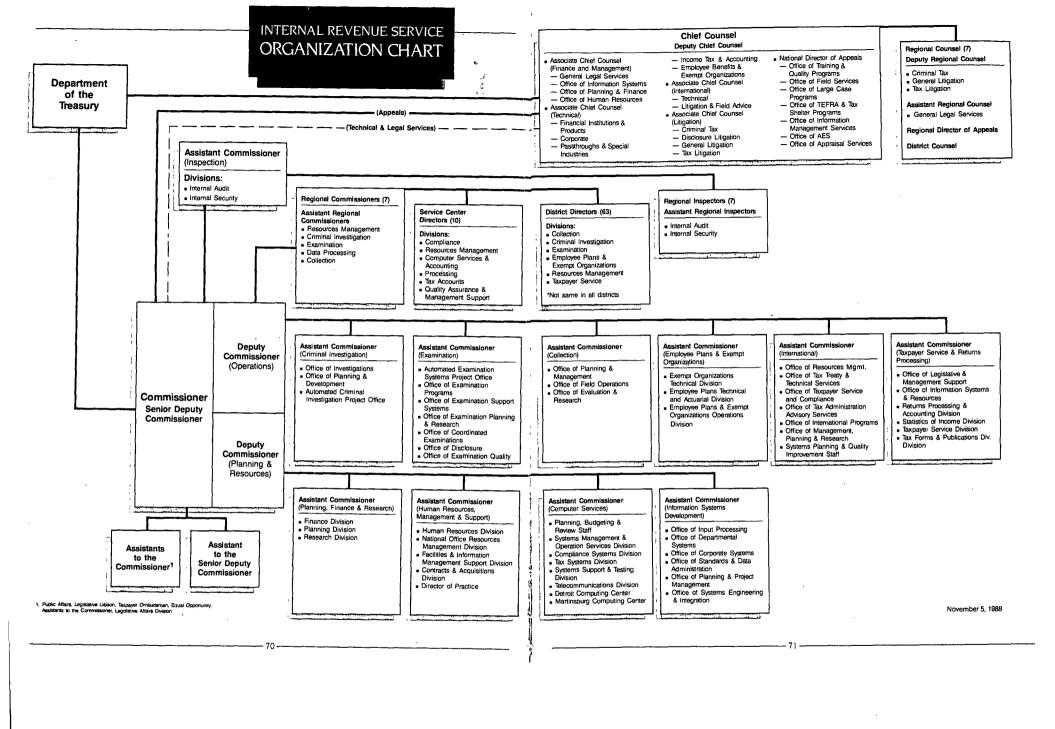




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